

# Spiritual Intelligence and Functional Managerial Effectiveness: A Study on Managers

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**Abstract -** The present competitive, globalized business environment has transformed business processes and jobs and demands employees who are creative, adaptable and proactive, ready to embrace change and challenges. This requires managers to lead with values and holistic intelligence so as to create a meaningful workplace. A few studies correlate spirituality with leadership effectiveness, increased health and well-being (Veach and Chappel, 1992; Jacobsen, 1994). However, the role of spiritual intelligence for managerial effectiveness, particularly the functional effectiveness dimension remains unexplored. The present study is an attempt to investigate the link and the impact of “highest form of intelligence” -spiritual intelligence on manager’s functional effectiveness. Two psychometric instruments were used to collect responses from the executives belonging to various manufacturing organizations using convenient judgmental sampling technique. The results revealed a moderate positive impact of spiritual intelligence on managerial functional effectiveness. Implications of the findings for the organizations are discussed.

**Key Words:** *Functional Managerial Effectiveness, Spirituality, Spiritual Intelligence.*

## **I. INTRODUCTION AND IMPORTANCE OF THE STUDY**

Right from the Vedic times, India with its rich spiritual teachings has offered people the spiritual wisdom and insight as a way of leading a fulfilling life, as an “attitude”. As the global community is becoming increasingly materialistic, daily life practices as respecting others, compassion, being fair and just, active listening, honesty, humility, integrity, acknowledging contributions of others are being emphasized as crucial managerial skills for sustainable development, globally. Cognitive intelligence alone cannot help solve complex problems at the workplace. Awareness of and realizing the existence of divine support is the “spiritual component of life”. Spiritual Intelligence (SI) is the expression of innate, intangible spiritual qualities as love, purity, bliss, peace- in an individual’s thought, attitude and behavior. Organizations where employees and managers live such values can achieve organizational goals by aligning these values with organizational values, positive ethical culture, and work enjoyment, its impact on the society, community and inner life. In the current scenario organizations are encouraging employees and executives to attend programmes focusing on mindfulness meditation, Pranayama, Yoga etc. for their personal and professional development and for better work-life balance. Can individuals with high Spiritual Intelligence (SI) be more effective managers? The present study attempts to examine this relationship and also the impact of manager’s spiritual

intelligence on their effectiveness, particularly functional effectiveness.

## **II. SPIRITUALITY AND SPIRITUAL INTELLIGENCE: A HOLISTIC VIEW**

The transition from a labor intensive to knowledge based economy has compelled business organizations to rethink and bring a new perspective to workplace values through spirituality globally. Consequently the parameters of effectiveness for employees including managers at different levels is undergoing a paradigm shift. Values as cooperation, integrity, displaying care and concern, keeping the group’s interest above self-interest are being promoted in the workplace rather than fear, as the present era is based on networking rather than competition (Labbs, 1995). Spirituality helps in instilling these values within the organization’s culture (Jurkiewicz and Giacalone, 2004). Research indicates that organizations where employees and managers who live such values, makes them more responsible and even loyal (Rego and Cunha, 2008).

Numerous philosophers and thinkers of different traditions have proposed that apart from other human needs, people need to find purpose and meaning in their daily lives. Accordingly belief in one true God through faith and devotion was incorporated in the daily life that characterize an individual. The concept of human intelligence has now been expanded to include the faith, the strength of spirit, and positive thinking, appreciation of the religious- termed as Spiritual Intelligence (SI). Hence,

spiritual intelligence is a holistic intelligence that in totality includes perceptions, cognitions, plans, values, goals, motives, biological factors, conduct, and many other aspects of an individual. Researchers argue that individuals who are willing to do something to get rewards only from God always perform and strive to be the very best without thinking of other interests such as recognition in monetary values and can work independently without close supervision (Magnusson and Torestad; 1993).

Though the terms spirituality and religion are used interchangeably by most people, they are different concepts. Compared to spirituality, the concept of the religion is narrow and presents absolute realities in life that relates to behaviors, tends to be rigid, and sometimes has no clear evidence to link it to ethics (Gupta et al., 2014; Fry, 2003). However, religion as part of SI has been linked to finding solutions to problems (McAdamis, 2011; Kadkhoda and Jahani, 2012; Rostami and Gol, 2014).

The three intelligences can be arranged in a hierarchy. At the bottom is Cognitive intelligence (IQ) which mainly deals with rational and logical thinking, Emotional Intelligence (EI) is the awareness and understanding of emotions and feelings and using this information to guide decisions and respond to situations appropriately. Spiritual Intelligence (SI), the highest form of intelligence is the ability to think and act with wisdom and compassion while maintaining inner and outer peace irrespective of the situation. SI is deep awareness of oneself, the deepest inner resources to care, and is the power to tolerate and adapt (Marques, 2005). SI has been defined as the soul's intelligence, with which individuals can heal themselves and make themselves whole (Zohar and Marshall, 2001). Vaughan (2002) gave three components of spiritual intelligence - the ability to create meaning based on deep understanding of existential questions, an awareness of and the ability to use multiple levels of consciousness in problem solving, an awareness of the interconnection of all beings to each other and to the transcendent.

At the workplace, managers with high SI often have a clear and stable sense of self-identity and are able to discern the real meaning of events and circumstances, making the work more meaningful. It also helps them to identify and align personal values with a clear purpose for long term personal and organizational excellence. Thus, the managers are able to understand and influence the exact cause, making them effective. When adopted by the employees SI can result in the ability to focus, stay calm and be selfless and develop an altruistic attitude towards others leading to enriched interpersonal understanding and relationships. This in turn would increase the organization's ability to manage change and remove the roadblocks to achieve organizational goals (George, 2006).

### III. MANAGERIAL EFFECTIVENESS: FUNCTIONAL EFFECTIVENESS DIMENSION

The vibrant workplace today is characterized by transformational relationships and processes, where to be effective managers need to be talented and competent irrespective of their experience to lead young, energetic employees. This calls for managers to be able to use their emotions and soul for the best results. The traditional managerial role is being redefined to include emotions and spiritual values as a guide to behavior to be effective-to do things right. Managerial effectiveness has been defined from various perspectives by researchers. Drucker (1967) defined effectiveness as a set of skills required to get the right things done, independent of the situation contrary to the situational approach emphasizing on manager behaving appropriately in tune with the situation, to be highly effective (Margerison, 1981). On the other hand, Covey (1989) argued that effectiveness can be defined as those activities of an individual that bring in positive changes in tasks and relationships that benefit him/her in a long term for the better results. Such activities form the habits of an individual that is reflected in the person's character and make him/her effective quite independent of the situation.

Balaraman (1989) defined managerial effectiveness as behaviors or certain qualities a manager should possess to effectively deal with situations he/she encounters. Robbins and Coutler (2012) defined effectiveness in terms of ends, results, consequences or attainment of organizational goals. Rana et al., (2011) described managers as effective, when they use and manage their resources in different and difficult situations appropriately and select the correct approaches to achieve the goals of their jobs. However adopting a different approach, Chakraborty (2001) addressed manager as a man-ager because manager is a man first and then a manager. According to him a manager is a "wisdom worker" and besides knowledge, managerial effectiveness needs wisdom. In fact wisdom subsumes and transcends knowledge.

Dhar et al., (2006) posit that managerial effectiveness can be divided into three dimensions viz., Functional Effectiveness, Interpersonal Effectiveness and Functional Effectiveness underlying the different roles performed by a manager. When an individual is able to carry out the overall managerial functions viz., planning, organizing, staffing, directing, coordinating and controlling effectively, he/she is said to be functionally effective. The present research focuses on this dimension of managerial effectiveness.

#### IV. LITERATURE REVIEWED: SPIRITUAL INTELLIGENCE AND FUNCTIONAL MANAGERIAL EFFECTIVENESS

In the current multi-cultural business organizations, managerial decisions must include a broader spectrum of variables including manager's emotional intelligence, academic intelligence, and spiritual intelligence as they significantly impact the organization's culture. Development and encouragement of spiritual intelligence at the workplace can provide several positive outcomes related to organizational performance as higher productivity, increased job satisfaction, lower turnover rates, positive ethical values, better attendance rates, and higher customer satisfaction (Lowder, 2006). Thus, spirituality is being introduced into jobs and professions, which can contribute to the improvement and competence of employees and organizations (Ashmos and Duchon, 2000). Managerial effectiveness is one of the domains in which SI seems to function as an important variable and will affect employees and managers as they transform their standards of success. No matter what kind of work is performed, it can always be done with heart and soul (Fairholm, 2000). Therefore to be effective, managers need to focus on vision, empowerment, risk, creativity, harmony, trust, honesty, and compassion.

Managers need to feel responsible in all situations and be respected by their employees. Displaying empathy is important while taking decisions. Managers who exhibit grace and values such as joy, beauty, optimism, and confidence are more likely to inspire their employees. Further Amram (2009) posits that possessing clarifying values, being honest, and living in conjunction with these principles, the managers can be role models for their employees. Managers with high SI also demonstrate a better ability to understand the change in environment and adapt better to it, they are also better at trusting others and are highly committed to their organization (Mohamed et al., 2004). Spiritually intelligent managers are more tolerant, adaptable and caring. SI leads to the development of clarity in their sense of identity especially so in the case of relationships they make at work (Vaughan, 2002). In other words, SI can be the foundation for healthy relationships that leads a person to carry out the task beyond the facts and functions of the job (Kumar and Bhasin, 2014).

Spiritual intelligence provides a sense of personal wholeness, goal and direction to an individual (Dincer, 2009). Managers possessing SI are more consistent with themselves, happier, and more deeply integrated and harmonious (George, 2006). By integrating ethics and spiritual values into the workplace they can enhance productivity and profitability, make employees happy, and develop more honest relationships with customers, thus building the organization's reputation (Marques, 2006).

Therefore, it can be expected that managers with a higher spiritual intelligence establish a better relationship with their colleagues, subordinates and clients. Apart from environmental and cultural factors, management practices, management philosophy, individual competencies are one of the major determinants of managerial effectiveness. The most important element in managerial effectiveness is the man himself, his/her personal and leadership qualities, and his commitment to effectiveness. Managers with high spiritual intelligence look for a transcendent meaning in their daily activities so they do their tasks with more sincerity, high accuracy, integrity and work ethics and are thus effective (King, 2008).

For successful managerial practice every manager has to prove himself as a good leader. Abdullah et al., (2010) examined the relationship between SI and leadership style in managers and found a significant positive correlation between SI and mixed leadership style (high morale and high productivity). However, there was no significant correlation of SI with rule-based and relation-based leadership styles.

Despite the fact that spiritually intelligent employees are of great value for organization, there exists no universal prescription as to how to seek and find spiritual intelligence. Each individual has to find it for himself/herself, and only he/she knows how to obtain it (George, 2006). This could be the reason for few researches being done on these variables and more so in the Indian context. The few researches available present contradictory findings, hence the need and importance of the present research investigating the link between SI and effectiveness of managers.

#### V. RESEARCH OBJECTIVES

The gaps in literature lead to the following objectives:

- To analyze the relationship of Spiritual Intelligence (SI) with Functional Managerial Effectiveness (FME).
- To study the impact of Spiritual Intelligence (SI) on Functional Managerial Effectiveness (FME).

#### Hypothesis

To achieve the objectives, the following hypothesis were framed:

1. H<sub>1</sub>: Spiritual Intelligence (SI) and functional managerial effectiveness are correlated.
2. H<sub>2</sub>: Spiritual Intelligence (SI) has an impact on functional managerial effectiveness.

## VI. RESEARCH METHODOLOGY

### The Study

The present study is an exploratory investigation to examine the impact of spiritual intelligence on functional managerial effectiveness in manufacturing organizations. Spiritual intelligence is the independent variable with functional managerial effectiveness as the dependent variable. It was assumed that spiritual intelligence would probably impact managerial effectiveness.

### The Sample

A sample of the executives belonging to the middle and senior levels of management working in different manufacturing organizations were used. The age of the executives ranged from 30 to 50 years, with an average age of 40 years. The total sample of 171 executives were finally selected after removing the inexplicable responses. Convenient sampling technique was used to collect data from the respondents from manufacturing organizations located at Indore, Dewas and Pithampur.

### Tools for Data Collection

Two psychometric tools were administered on each respondent of the sample for data collection. The tools used were: Spiritual Intelligence Scale (Dhar and Dhar, 2007) and Managerial Effectiveness Scale (Dhar et al., 2006). The spiritual intelligence scale is a 53-item scale using a 5-point Likert scale ranging from 1 - strongly disagree to 5 -strongly agree. The Cronbach Alpha Reliability Coefficient for the instrument is .98 which is on the higher side. A higher score indicates a greater level of a participant's spiritual intelligence.

The managerial effectiveness scale consists of 29 pairs of statements/ items on a 7 point Likert scale ranging from 1 -strongly disagree to 7 -strongly agree covering the three dimensions-Functional, Interpersonal and Personal. Only functional effectiveness was evaluated for the present study. The Cronbach Alpha Reliability Coefficient for the instrument is .96 which is on the higher side. A higher score indicates a greater level of a participant's being effective as managers.

### Tools for Data Analysis

Kolmogorov-Simonov Test was applied to examine the normal distribution of data and due to the normality of data Pearson's Correlation Coefficient Test and regression were applied to test the various hypotheses. Statistical Package for Social Sciences (SPSS version 22.0) was used to analyze and interpret data.

### Results and Discussion

- $r = 0.357, p = 0.00$

$H_1$  stands accepted.

There is a moderately strong correlation between spiritual intelligence and functional managerial effectiveness. (Refer Table No.1 and 2)

The results reveal that spiritual intelligence positively influences functional managerial effectiveness. In response to the changing definition of work, the employee needs have changed from extrinsic needs to intrinsic ones as meaningful work, opportunity to realize one's full potential; being associated with a good or ethical organization; interesting work; having good colleagues; serving mankind; service to future generations and one's immediate community (Brandt, 1996). Spiritual intelligence helps employees achieve their goals without diminishing their creativity and helps them to deal with stressful work environment (Altaf and Awan, 2011). The more employees experience personal purpose and meaning at work, the more they are committed to the organization. This in turn enhances workplace performance (Jurkiewicz and Giacalone, 2004). Spiritual intelligence helps employees to adapt to dynamic changes in workplace and offers capabilities that enable employees to solve problems and attain goals and to stay calm and focused in the face of crisis and chaos (Emmons, 2000). Spiritual intelligent managers experience more meaningfulness and fulfillment at work and are able to encourage positive behaviors in their employees thereby, enhancing their effectiveness.

### 2. $H_2$ stands accepted.

Spiritual intelligence has a positive impact on functional managerial effectiveness.

An  $R^2$  value of .127 indicates that 12.7% of variance in functional managerial effectiveness (FME) is explained by Spiritual intelligence (SI).  $F = 24.66$  ( $p = .000$ ) reflecting the overall moderate relationship between the two variables.  $\beta = .357$  which means that one standard deviation increase in FME would yield a .357 standard deviation increase in predicted FME;  $t$ -test = 4.967 ( $p = .000$ ) and is statistically significant meaning that the regression coefficient is significantly different from zero. Hence, spiritual intelligence has a positive impact on functional effectiveness of managers. (Refer Table Nos. 1, 3a, 3b, 3c)

Effective managers are aware of their responsibilities towards their people, possess adequate knowledge and skill, update themselves continuously and are aware about the developmental needs of their people for their own success and in turn the success of the organization. Spiritual values help cultivate positive mental factors such as calm, kindness and compassion as opposed to ego, anger, hatred and greed. Thus, managers possessing spiritual intelligence are able to touch the spiritual side of their employees-letting go off the ego-driven, commanding and control work force paradigm. They help their

employees feel powerful and capable of accomplishing work on their own thereby, increasing their effectiveness.

Though the employees in the manufacturing organization are not directly involved with the customers, but even from behind the scenes, they can negatively influence overall customer satisfaction. Moreover, in manufacturing organizations employees try to cope with the immense boredom of repetitive activity and some parts of the job require a continuing re-dedication and emotional commitment to do it right. With the changed business scenario, manufacturing is moving slowly but surely from mass production to mass customization which calls forth for increased creativity and flexibility on the part of

managers to solve problems that challenge conventional thought patterns. The new solution results in additional learning and thus, increases the effectiveness of the manager. This is consistent with the finding that in manufacturing organizations, a production manager must not only have technical knowledge relevant to his/her industry, but also highly developed interpersonal skills, knowledge of advanced manufacturing technology, knowledge of other functional areas within the organization and the ability to accept and guide change. He/she now needs to produce continually changing products on time, more cheaply and with increasingly better quality (Barber and Tietje, 2004).

**Table No. 1: Results for Pearson Correlation and Regression Analysis**

S. No	Vari-able 1	Mean	Vari-able 2	Mean	R	R <sup>2</sup>	t	β	P (0.05)	Imp-act Status
1.	Spir-itual Intell igence (SI)	214.22	Func-tional Mana-gerial Effecti veness (FME)	76.80	0.3 57*	.127	4.9 67	.3 57	0.00	Signi ficant

## VII. IMPLICATIONS

Infusing spiritual values in the organization culture has been associated with increased employee well-being satisfaction and decreased stress and burnout. Spiritual intelligence can be developed, hence organizations must design and encourage training and development programs for executives low on spiritual intelligence by providing them with supportive organizational climate for improved work performance, improved relations with co-workers, superiors, subordinates, increased work satisfaction, self-esteem, social skills and altruism. Management development programmes (MDP's) can be designed incorporating skills such as self-awareness, self-control and resilience, creativity, empathy, social and organizational skills, handling diversity, resolving conflicts and transformational leadership. Executive development programmes and Empowerment programmes focusing on spiritual development of managers are other approaches that can be used to improve their effectiveness. In the present competition driven, volatile environment spiritual intelligence can play a significant role in coping with organizational change, motivating workforce to perform better while encouraging creativity and innovation.

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**Annexure**

**Table No. 2: Results for Correlation**

Correlations

		SI_Total	Func_Effec
SI_Total	Pearson Correlation	1	.357**
	Sig. (2-tailed)		.000
	N	171	171
Func_Effec	Pearson Correlation	.357**	1
	Sig. (2-tailed)	.000	
	N	171	171

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

**Table No. 3a: Results for Regression Analysis**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.357 <sup>a</sup>	.127	.122	5.080	.127	24.668	1	169	.000	1.700

a. Predictors: (Constant), SI\_Total

b. Dependent Variable: Func\_Effec

**Table No. 3b: Results for Regression Analysis**

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	636.579	1	636.579	24.668	.000 <sup>b</sup>
	Residual	4361.258	169	25.806		
	Total	4997.836	170			

a. Dependent Variable: Func\_Effec

b. Predictors: (Constant), SI\_Total

**Table No. 3c: Results for Regression Analysis**

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	48.786	5.653		8.630	.000
	SI_Total	.131	.026	.357	4.967	.000

a. Dependent Variable: Func\_Effec

# Emerging Trends in Corporate E-Learning

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**Abstract** - E-learning is playing very important role in the digital era. It has potential to change the whole organizational system. The level and impact of E-Learning varies in our life from stage to stage. The purpose of this paper is to outline and discuss the current status and the emerging trends in Corporate E-learning in Delivery, Learning and Content. The research showed that there is plenty of available technology and E-learning tools that support the learning process.

**Keywords:** E-learning, Trends, E-Learning Market

## I. INTRODUCTION

E-learning is now becoming a widely accepted method of training and education within schools, colleges and organization. E-Learning describes a wide-set of applications and processes like web-based learning, computer-based learning, virtual class room, and digital collaboration etc. It is a formalized teaching and learning system which is designed for electronic communication. It includes the delivery of content via Internet, satellite broadcast, video conferencing, websites and emails.

### Modes of learning

*Asynchronous Learning:* It describes exchanging e-mail messages with a mentor, and posting the same on a discussion forum.

*Synchronous Learning:* It describes a method of learning in which all participants can communicate directly with each other as well as the instructor at a time. The examples of synchronous E-learning are real-time chat, and video or audio conferencing etc.

## II. E-LEARNING MARKET

The Introduction of technology-enabled learning helps organizations to train human resource as well as the growth of the global E-Learner market. As these training modules offer continuous and effective learning at an optimal cost for accomplishing the requirements of end-users. The growing popularity of corporate learning enhances the efficiency of learners will drive the growth of the E-Learning market.

“The global E-Learning market is projected to see compound annual growth (CAGR) of 10.26% between 2018 and 2023, reaching a total market size of US\$286.62 billion, up from US\$ 159.52 billion in 2017. Continued

growth is the result of, at least in part, strong demand for flexible learning technology solutions in the corporate and academic sectors.”

## III. OBJECTIVES OF THE STUDY

The study has been undertaken to achieve the following objectives:

1. To study the current status of E-Learning.
2. To study the modern trends and practices in corporate E-Learning and development.

## IV. RESEARCH METHODOLOGY

The study is conceptual in nature. Hence, secondary source of data mostly comprising journals, research publications, and internet has been used to achieve the stated objectives.

## V. CORPORATE E-LEARNING TRENDS FOR 2018 IN DELIVERY, LEARNING, AND CONTENT

In the last two decades corporate learning has changed dramatically. From a standardized, classroom-based learning organization are now moving to create a digital learning culture. In all the companies, employees in different departments or positions have different needs, requiring a mix of content and of delivery systems. Technology can help connect E-Learners in many ways.

There are many advantages of E-Learning compared to traditional, classroom-style training. It has higher levels of student engagement, offers a lower-cost, effective solution with faster delivery, and with a comprehensive Learning Management System it makes tracking, certification, and reporting easy and accurate. Following are the top corporate E-Learning trends for 2018.



## V (i) Trends in Delivery

2018 promises to be an exciting year of advancements in eLearning, particularly as technological advancements are translated into new, better methods of delivering training throughout the organization.

### 1. Video Instructor-Led Training (VILT)

In traditional ILT classes, a small variation in the presentation could result from using different presenters, or stem from a question asked by a participant in one session but not the other. These inconsistencies could lead to future problems for the participants as well as presenters, to supply the consistent message or information to all participants in a positive manner introduction of VILT is very useful.

Video-based ILT (VILT) is preferred method for delivering the training, in today's era this method is on the rise. In this method, training is conducted by a trainer using an online tool, which allows two-way communication between the trainer and the learner. If we choose an effective tool for conducting the session, we can share information through video, documents, and written notes with the learners in real-time. With the correct audio enhancement, a quality video can be produced and edited on many types of smart phones.

#### Benefits

Following are the benefits of VILT-

- **Reduced cost**-Due to the nature of VILT, travel and lodging costs can be reduced or eliminated completely.
- **Convenience**-VILT students can choose when and where they would like to participate in training courses, whether they are at home, in the office, or on their mobile devices.
- **Modular design**- Many VILT programs offer training content in short, incremental modules, which can be completed independently or in combination with other courses for the welfare of busy students and professionals,.
- **Increased capacity and scalability**-Through VILT, organization can provide learning program to large numbers of students without increasing the amount of materials or space needed in typical classroom settings.
- **Increased diversity**-Because of the reach that VILT provides, students and instructors from a variety of culture and geographic backgrounds can participate simultaneously.

### 2. Gamification

Gamification is a method in which organization integrating the game mechanics into something that already exists to motivate, participation, engagement and loyalty.

Gamification has the power to engage students and encourages continued participation using the elements of gaming (points, achievements, and scoreboards), the mechanics of gaming (moving through levels, scoring, and avatars) and game-based thinking.

“In 2016, the game-based learning market reached \$2.6 billion, while projected growth figures estimate that it will reach \$7.3 billion by 2021. Used properly, gamification of E-Learning applications can help to increase engagement and illustrate progress toward a goal, while creating challenges and meeting them helps to instill and reinforce a sense of accomplishment specifically connected to training and development.”

“In one study, 89% of people surveyed said that they would be more engaged with an eLearning application if it had a point system, while 80% said that they would be more productive if their organization was more game-like.” “An additional 60% said they would be motivated by leader boards and increased competition among students. Organization can use this method to motivate people with different ways with different types of reward systems.”

#### Benefits

Benefits of gamification are-

- **Provides better learning experience**

The learner can experience “fun” during the game and still learn if the level of engagement is high. A good gamification strategy provides better learning experience will lead to an increase in retention.

- **Better learning environment**

Gamification provides an effective platform for E-Learning which helps learners to phase real life situations and challenges in a safe environment. This creates better learning environment.

- **Instant feedback**

It provides instant feedback so that learners know what they know or what they should know.

- **Can be applied for most learning needs**

Gamification can be used to accomplish the most learning needs such as induction, customer support, soft skills, awareness creation, and compliance.

- **Impact on bottom line**

All the above mentioned aspects play an important role for the performance of the organizations.

### 3. Podcasts

A Podcasts is a downloadable media file that can be downloaded into many electronic devices such as computers, laptops and I-pads etc. These are inexpensive media files which can be easy to create and distribute.

### 4. AR/VR

Both AR and VR is the game changer in E-learning. Augmented Reality (AR) is the advanced technology that superimposes a computer-generated image on the user's view as a composite view with the help of a specialized glasses or projections like "Google Glass".

#### **Virtual Reality or VR**

It uses the Virtual Reality headsets or multiple projection environments to create realistic images, sounds, and other senses to give a simulacrum of user's physical presence in the virtual world or imaginary environment.

Augmented and Virtual Reality offer exciting new ways to deliver training to E-learners. Over the last few three –four years it have made significant strides toward becoming popular consumer technologies. "According to a report from Zion Market Research, the global VR market was valued at \$2.2 billion in 2016 and is expected to grow to \$26.89 billion by the year 2022."

"Education may only be one sector of the global VR and AR markets, but a report from Goldman Sachs is predicting major growth. The 2016 report predicts \$300 million in revenue for VR/AR educational software in 2020, and that figure is expected to grow to \$700 million by 2025."

### **V (ii) Trends in Learning**

#### **5. Adaptive / Personalized / Customized learning**

Personalized learning addresses the specific needs of the learner, making the best use of training time by providing a focused, individualized experience. In this way, customization down to the individual level is achievable, but in a cost-effective, modular framework.

#### **Benefits of personalized learning**

##### **Targeted Learning**

The objective of personalized learning is to provide need based training. In which all the employees are able to select their own topics on the basis of their competency level. Organizations also allow their learners to choose their own formats like video-based learning and podcasts etc.

- **Higher Engagement**

Employees feel happy and satisfied when the organizations care about their learning and upgrading skills and they always have a high degree of engagement level.

- **Greater Customization**

In Personalized learning modules organization can break down the learning content according to learner's capability.

- **Personalized Feedback**

As the Learners go through their chosen path, they get customized feedback. They get instant feedback for their actions, their 'wrong moves' so that they can easily recover it.

#### **6. Micro learning**

Micro learning considers as one of the top most trends in learning for 2018 and beyond. Micro learning is applied to understand the human concentration. In this method organization divides the training material and information into smaller pieces which can lead to higher rates of engagement and retention.

#### **Benefits of Micro learning are**

- **Accessible**

Micro learning can be designed for multi-device delivery ranging from desktops and laptops to tablets and smart phones thereby providing higher flexibility to learners to learn when they need and on the device of their choice.

- **Rich media**-The design formats of micro learning include rich media formats that lead to better retention of knowledge.

- **Less time consuming**-Micro learning is ideal for adult learners with a shorter attention span and appeals to millennial learners.

- **Affordable** -The costs of micro learning are lower than traditional E-Learning due to short training duration.

- **Easy to update**-Micro learning nuggets can be updated and corrected quickly to enhance their impact.

#### **7. Social Learning**

Social learning is a method used for collective education in which group experience or shared activity is involved. Incorporating social tools to your LMS is one way to take advantage of social integration as part of the learning experience, creating engagement and reinforcing training materials with active participation and discussion.

All of these methods are used to improve communication between participants so that they have several avenues to discuss materials and potentially collaborate on assignments.

#### **8. App-Based / Mobile Learning**

Mobile devices, including tablets and smart phones, are becoming more important to employees off and on the job. Preparing your eLearning strategy to ensure that content is available and can be completed on mobile devices will be vital to the future of eLearning.

Mobile learning is a key method of reaching and engaging millennial, in particular - an entire generation of digital natives that are most comfortable accessing information and managing their daily activities in the digital environment. Mobile learning is poised to meet the training needs of millennial as it can be structured to

accommodate micro learning, and is responsive, easy to access, and available at the user's convenience. With device-based mobile learning, it will also be easy to access social learning applications such as chat bots, forums, intramail, and other types of participative discussion and reinforcement groups.

The benefits of mobile learning (m-learning) are well-known for organizations both big and small, especially as it relates to improved knowledge retention and increased employee engagement. Already, mobile learning is being used by nearly 47% of organizations worldwide, clearly reflecting the increased acceptability of the modality and why it is viewed as the future of learning. Markets and Markets forecast the global mobile learning market to reach \$37.60 billion by 2020, growing at a CAGR of 36.3%.

### V (i) Trends in Content

Just as eLearning systems and technology are changing, the types of content that are the focus of E-Learning are evolving as well.

### 9. Work-Life Skills

Work life balance is important to employees, Poor health caused or aggravated by work-life imbalance, affects medical costs and PTO. Employee turnover increases, a further cost to the company. Work-life balance is a high priority for employees.

The 2017 Mercer Global Talent Trends Study showed that 53% of employees want their company to increase focus on employee health and wellness, while 56% are looking for more flexible work options. However, studies have shown that a company that values work-life balance benefits from increased worker productivity, reduced turnover, increased engagement, and greater employee motivation, commitment, and loyalty.

One way to reinforce your organization's commitment to work-life balance is to offer training in this area; to employees, on how to achieve it, and to managers, on how to support it. As companies are confronted with the cost of stressed, burned-out workforce, work-life skills training will continue to grow in importance.

### 10. Leadership and Management Training

Now a days the focus of strategic management and strategy implementation becomes more project and team-based. This requires a different kind of leader. "The 2017 Mercer Global Talent Trends Survey also found that the number one skill gap according to CEOs is in leadership. For effective management and make organizations successful top management is very concern about finding the future leader. The content related to building future leaders will be a high priority to address the skills gap in leadership and management in upcoming future".

## VII. CONCLUSION

This study states that E-Learning will continue to grow in organizations. In expectation of this growth, the governments, business companies and professional associations can start focusing on applications and the effective and efficient implementation of E-Learning and can experience the greatest benefits that E-Learning has to offer now and in the future.

Training and development are an important part of the modern company's strategic growth plans. The overarching trends in corporate Learning are to take continued advantage of technology, to make development opportunities more accessible and tailored to the learner.

Current and future trends show that organizations that want to retain skilled employees need to provide for ongoing development and educational opportunities. Many organizations measure the return on investment for training activities. E-Learning has become an essential tool and its evolution, spurred by the trends outlined in this report, presents an exciting foundation upon which to build tomorrow's learning initiatives.

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# A Comparative Study of Sales Behavior of Retailers of Footwear in Bhopal and Indore City of Madhya Pradesh

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**Abstract** - Definitions of trade and business are changing. Everyone is willing to capture others' field for getting others' grasses. Being global is good when you keeps your eyes open. The giant business companies do the same when they go for expansion and enlargement. It is important to understand others' field i.e. country environment in order to have sound strategic management. Better way of understanding provides better opportunities and vice versa. It makes your way easy for getting acquainted with market structure, customer base, and competition that lead the solutions to the various questions of survival. If one company is seeing something as an opportunity may necessarily not be an opportunity to other. The basic intention of behind this study to compare opportunity and threat scenario of Bhopal and Indore city from the retailers' corner. Explore upon the differences if there any or not. This study will help in understanding of pattern of sales behavior and eventually strategic management of retailers of footwear in Bhopal and Indore.

For making an analytical study more comprehensive a questionnaire has been thrown to retailers of footwear Bhopal and Indore cities and fresh responses have been collected. Secondary sources of information has been used for getting data out of published resources.

This research has enough use of statistical tools and excel for data analysis and result creation. The findings of the study have great surprise element in it.

**Keywords:** Bhopal, Indore, Footwear, Opportunity, Threat, Strategies, Strategic Management.

## I. INTRODUCTION

If we talk about earlier era, footwear was just the pair of a product to have human feet protected. But what you will feel if someone recognizes you by your footwear. Of course now a day's footwear became the accessory that makes you center of attraction. It gives a status symbol to you and your personality. It makes someone different from the crowd. It has been far away from the fashion and reached the heights of the luxury and status worldwide.

### Wrist Watch Industry in India

The consumers of Indian footwear market are becoming confident about its growing awareness of latest trends and consciousness. According to Business wire (2017), India is the second largest global producer of footwear after China, accounting for 9 percent of the annual global production of 22 billion pairs. Presently about 90 percent of the footwear produce in the country is consumed by the domestic market and the rest is exported.

Tanya Krishna (2017) wrote that the Indian footwear market is about to grow gradually in coming next five years. She discussed that today's consumers in tier-II and tier-III cities are aware about the domestic and international brands across categories. The market has evolved and there is a lot of potential. Currently, tier-II cities contribute a large percentage in the total sales; however, tier-III cities are catching up in terms of sales and are expected to grow exponentially by FY 2020. She advised to have online footwear retail marketing as well as mobile footwear retail marketing.

In an article (2019), it has been said that the total size of online footwear market in India is pegged at Rs 6300 crore, out of which, Rs 850 crore is spent on women's shoes and Rs 5,450 crore on men's footwear. Also, the online footwear market is expected to grow by 30 per cent in the 2019-2020 financial year. The New Year will also see new trends take over, as a few old ones continue to grow.

As per Statista (2019), the overall revenue in the footwear market will reach US\$119,104m in 2019, with a CAGR of 8.3% between 2019 and 2023, resulting in a market volume of US\$163,684m by 2023. User penetration is 27.0% in 2019 and is expected to hit 37.2% by 2023. The average revenue per user (ARPU) currently amounts to US\$59.98. In global comparison, most revenue is generated in China (US\$54,121m in 2019). Within the footwear industry, when it comes to luxury footwear segment, India has seen a rise in the number of upcoming indigenous brands in 2018. The year 2019 will bring new trends and marketing strategies into the picture that will greatly influence the market growth.

Though growing Indian fashion and lifestyle market has given an impetus to the footwear industry, it has many challenges that are continuously erecting roadblocks in the process. "The industry is already working towards consolidating the growth. This has seen technology being the key element in making things possible to enhance growth. Many institutes have blossomed to provide retail professionals to the industry which will help in the long run. The government initiatives to taper down the real estate demands and make the pricing more pragmatic will also give a boost to the retail industry and push it to a higher growth path," says Anupam Bansal. Talking about other challenges facing the industry right now, Farah Malik maintains, "The unorganised retail market is the most dominant and popular mode of retailing and purchase destination for the majority of India's 1.3 billion population. Like food habits, footwear fashion changes every 100 kilometers. Therefore, fashion footwear has always been dominated as well as successfully managed by local retailers. Also, footwear retailing primarily involves touching the feet of our customers as part of service and hence the front end does not attract the best manpower in terms of education, technical expertise and sophistication.

## II. OBJECTIVES OF THE STUDY

To understand sales behavior of retailers via investigating upon opportunity/threat portfolio of retailers of Bhopal and Indore.

### Hypothesis of the Study

**H<sub>1</sub>:** Retailers of Bhopal and Indore has same sales opportunity/threat in online shopping of Footwear industry.

**H<sub>2</sub>:** Retailers of Bhopal and Indore has same sales opportunity/threat in competition of Footwear industry.

### Data Collection

A survey has been organized with questionnaire method for gathering primary data. Retailers of both cities of Madhya Pradesh have been asked two questions for the study

## Sampling Method

Systematic random sampling has been adopted.

## Sample Size

100 retailers have been chosen for the study. 50 retailers of all size firms of Bhopal and Indore have been selected.

## Limitations of the Study

1. The study is limited to Bhopal and Indore cities of Madhya Pradesh only.
2. The accuracy of responses purely depends upon unbiasedness of retailers.
3. Money been a constraint in the research.
4. Time been a constraint in the research.

## III. AREA FOR FURTHER RESEARCH

1. The study can be conducted in any other geographical area.
2. The study can be conducted with changed sample size.
3. The study can be done in comparative mode.
4. Study can be on identification of causes of difference in the view of retailers.

## IV. DATA ANALYSIS – FREQUENCY TABLES

**Table 1: Online Shopping - an Opportunity/Threat for Retailers of Bhopal**

Particulars	Frequency	Percent
Opportunity	19	38.0
Challenge	17	34.0
Both	9	18.0
Normal	5	10.0
Total	50	100

Above table reveals that maximum retailers of Bhopal finds online shopping of footwear as an 'Opportunity' with 19 score. It constitutes 38.0% to the total. It can be observed and inferred from this table that the retailers in majority were finding good in going on digital platform.

**Table 2: Online Shopping - an Opportunity/Threat for Retailers of Indore**

Particulars	Frequency	Percent
Opportunity	10	20.0
Challenge	21	42.0
Both	10	20.0
Normal	9	18.0
Total	50	100

Above table reveals that maximum retailers of Indore find online shopping of footwear as a 'Challenge' with 21 score. It constitutes 42.0% to the total. It can be observed and inferred from this table that the retailers in majority

were finding difficulty in going on digital platform in Indore.

**Table 3: Competition - Opportunity/Threat for Retailers of Bhopal**

Particulars	Frequency	Percent
Opportunity	12	24.0
Challenge	25	50.0
Both	11	22.0
Normal	2	4.0
Total	50	100

Above table reveals that maximum retailers of Bhopal finds entry of new international companies in wrist watch market as a 'Challenge' with 25 score. It constitutes 50.0% to the total. Second highest preference went to 'Both' with 11 score. It constitutes 22.0% to total. It can be observed and inferred from this table that the entry of new international firms in footwear industry makes working of retailers very difficult in Bhopal.

**Table 4: Competition - Opportunity/Threat for Retailers of Indore**

Particulars	Frequency	Percent
Opportunity	0	0.0
Challenge	25	50.0
Both	13	26.0
Normal	12	24.0
Total	50	100

Above table reveals that maximum retailers of Indore finds entry of new international companies in footwear market as a 'Challenge' with 25 score. It constitutes 50.0% to the total. It can be observed and inferred from this table that the entry of new international firms in footwear market does not provide opportunities to retailers of Indore.

## V. DATA ANALYSIS – HYPOTHESIS TESTING

**H<sub>1</sub>:** Retailers of Bhopal and Indore have same sales opportunity/threat in online shopping of footwear industry.

**Table 5: Group Statistics - Online Shopping an Opportunity/Threat for Retailers of Bhopal and Indore**

Sample	N	Mean	Std. Deviation
Bhopal	50	2.0000	0.98974
Indore	50	2.3600	1.00529

This table explains mean of samples taken from Bhopal lies around 2 with 0.989 Std. Deviation when sample size was 50. The mean of samples taken from Indore lies around 2.36 with 1.005 Std. Deviation when sample size was 50.

**Table 6: Independent t test - Online Shopping an Opportunity/Threat for Retailers of Bhopal and Indore**

Sample	t-test for Equality of Means						
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
						Lower	Upper
Equal variances not assumed	-1.804	97.976	0.074	-0.36000	0.19951	-0.75592	0.3592

This table reveals Independent t-test when equal variances not assumed. This tells value of statistic is -1.804 with 97.976 degrees of freedom. The corresponding two-tailed p-value is 0.074, which is greater than 0.05. Therefore, null hypothesis at 5% significance level is retained, which means that the opportunity/threat for retailers of Bhopal and Indore are not significantly different from each other, i.e., retailers of Bhopal and Indore have same sales opportunity/threat in online shopping of footwear industry.

**H<sub>2</sub>:** Retailers of Bhopal and Indore have same sales opportunity/threat in competition of wrist watch.

**Table 7: Group Statistics - Competition an Opportunity/Threat for Retailers of Bhopal and Indore**

Sample	N	Mean	Std. Deviation
Bhopal	50	2.0600	0.79308
Indore	50	2.7400	0.82833

This table explains mean of samples taken from Bhopal lies around 2 with 0.793 Std. Deviation when sample size was 50. The mean of samples taken from Indore lies around 2.7 with 0.828 Std. Deviation when sample size was 50.

**Table 8: Independent t test - Competition an Opportunity/Threat for Retailers of Bhopal and Indore**

Sample	t-test for Equality of Means						
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
						Lower	Upper
Equal variances not assumed	-4.193	97.815	0.000	-0.68000	0.16218	-1.00185	-0.35815

This table reveals Independent t-test when equal variances not assumed. This tells value of statistic is -4.193 with 97.815 degrees of freedom. The corresponding two-tailed p-value is 0.000, which is less than 0.05. Therefore, alternate hypothesis at 5% significance level is retained, which means that the opportunity/threat for retailers of Bhopal and Indore are significantly different from each

other, i.e., retailers of Bhopal and Indore do not have same sales opportunity/threat in in competition of footwear industry. Furthermore it can be said that retailers of Bhopal and Indore has different view about entry of new companies. Retailers of Indore finds opportunity in it whereas retailers of Bhopal finds threat.

## VI. FINDINGS

1. Retailers of Bhopal and Indore finds online shopping of wrist watches as a 'Challenge'.
2. Retailers of Bhopal finds entry of new international companies in wrist watch market as a 'Challenge'.
3. Retailers of Bhopal finds entry of new international companies in wrist watch market as an 'Opportunity'.
4. Null hypothesis at 5% significance level is retained, which means that the opportunity/threat for retailers of Bhopal and Indore are not significantly different from each other, i.e., retailers of Bhopal and Indore has same opportunity/threat in online shopping of wrist watch.
5. Alternate hypothesis at 5% significance level is retained, which means that the opportunity/threat for retailers of Bhopal and Indore are significantly different from each other, i.e., retailers of Bhopal and Indore do not have same opportunity/threat in in competition of wrist watch. Furthermore it can be said that retailers of Bhopal and Indore has different view about entry of new companies. Retailers of Indore find opportunity in it whereas retailers of Bhopal find threat.

## VII. CONCLUSION

The environment is dynamic and possesses various opportunities and challenges. This has been seen in this study. When it comes to online shopping of wrist watches in Bhopal and Indore, it is a challenge for retailer. Whereas entry of new firms have different results. It is an opportunity for retailers of Indore but the same is not applicable for retailers of Bhopal. It is a challenge here. It depends upon the behavior of retailers. The way they behave i.e. makes the strategies, they receives the opportunities/threats. What matters is your way of managing your sales behavior or broadly strategic management.

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# A Study of Effect of Mergers and Acquisitions on Stock Returns Volatility in Short Run: Special Reference on Machinery Industry

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**Abstract** - In India Mergers and Acquisitions become the tool of corporate restructuring. In any change of firm's current structure or ownership, it shows the impact on shareholder wealth by changes in stock returns Volatility in stock market. In this study it is analysed the stock returns volatility around the announcement period (Pre -&post) of M &As. For the study -21 days pre and +21 posts event window days have been used in short run for the acquirer as well as target companies.

For the analysis Mergers and acquisitions announcement date as taken event day= 0 and sample during 1 April 2007 to 31 March 2012 of machinery industry used for the study. Paired sample t - stat and p value are used to examine the significant impact of stock returns volatility pre and post-merger period acquirer as well as target firms.

This study indicates the stock returns increase positively in pre mergers periods of acquirer companies as compared to post merger period and similarly impact shows on target firms.

**Key words:** - Merger and Acquisitions, Stock return volatility, Conclusion.

## I. INTRODUCTION

Mergers and acquisitions in today's context become the tool of corporate restructuring in Indian business. Mergers and Acquisitions is used to increase market share, reduce competitions, reduced cost and increased profitability of the company and increase wealth of shareholder.

In simple words Mergers mean- When two companies come together for creating new company it's known as mergers. Acquisitions mean one company fully acquired target Company it's known as Acquisitions.

This paper aims to analyse the impact of M&A on stock returns volatility in short run acquirer as well as target companies. Stock returns of the companies may be increased or decreased of share price; it shows positive or negative impact on shareholder wealth. The important reasons for increasing M&As activity in Machinery sector are noticeable developments initiated in India: i) this industry had declined during 1991-92 to 1993-94 due to unfavourable condition of the balance of payment which necessitated import squeeze affecting availability of inputs and their costs; ii) since 1991-96 the overall industrial growth has slightly declined and squeezed the profit margin of this sector and restricted to grow externally rather than adding capacity; III) proliferation of computer and telecom industry has provided positive opportunities of this sector which has raised many M&As; and IV) foreign giants entered the market and gradually adopted M&A strategy to expand and this forced Indian enterprises

to consolidate and expand capacity through M&A. In 2007 mergers and acquisition is increased significantly as compared to 2006. In 2008 Mergers and acquisition has been declined as the CMIE report but it's again increased in 2010. In the calendar of 2011 it is declined significantly but in 2012 it has been increased significantly in India.

## II. LITERATURE REVIEW AND HYPOTHESES

Earlier study focused on the finance and business strategies indicate that wealth effects of shareholders of the acquiring firms are varied. While some studies report negative stock returns shows of acquiring and target firms.

(Datta et al., 1995; Sirower, 1997; Corhay et al., 2000; Mulherin & Boone, 2000; Mitchell & Stafford, 2000; Walker, 2000; DeLong, 2001; Houston et al., 2001; Doukas et al., 2002; Goergen & Renneboog, 2004; Beitel et al., 2004) analysed significant negative return at five per cent for changing windows especially before announcement to shareholders of the acquiring firms.

Some other study Eckbo et al., 2000; Doukas and other 2002; Kiyamaz 2003; Beitel et al., 2004 studied found significant positive abnormal returns for acquiring firms around the announcement.

In case of foreign acquisitions:-

Moeller and other (2003); Lowinski et al. (2004) Hernando et al. (2004) and Conn et al. (2005) significant positive cumulative average abnormal return for domestic

acquisition. Mulherin and Bone (2000) ; found no profit for acquirers in domestic acquisition in U.S.

Mostly researcher like Markides et al; (1994) analysed positive returns for domestic acquisitions U.S acquirer firms. Eun et al.( 1996) indicated that cross –border acquisition creation wealth for target as well as acquiring firms. Travlos et al.; (1998) study that U.S acquirers firms are not earn positive abnormal returns around the announcement of cross- border acquisitions. Mathur et al. (1994) found the significant negative returns for UK acquiring firms. Basu et al.; (2011) found significant difference between acquirer and the target firms and acquirer firms earn very less return during announcement. On the basis of above discussion on the wealth impact of cross-border acquisitions for acquiring shareholders is unconvincing.

Some domestic research examined Merger and Acquisition impact on shareholder value creation Zhu and Malhotra (2008) examined the significant positive returns earn by Indian acquirer.

Mantravadi and Reddy (2008) found that the M&As seem to have had a slightly positive impact on the P of the acquiring firms in banking and financial service industry , the pharmaceuticals, textiles, and electrical equipment sectors.

Gubbi et al. (2010); found that acquirers firms earn positive returns during announcement of merger and acquisition.

Barai and Mohanty (2010) studied examined the similar returns for acquirer firms.

Kose et al., (2010); examined positive return of Indian acquirer during announcement of merger and acquisitions.

Rani et al.,(2011) study show impact of merger and acquisition on shareholder wealth in short run :- An empirical study of India pharmaceutical industry significantly create stock return in short run.

Singh et al. (2012) studied indicate that declined economic value added, return on capital employed and earnings per share the cross border mergers and acquisitions of Indian acquiring firms.

Sventana & Grigorieva (2012) study examined the performance of merger & acquisition emerging the capital market.

Dr. Shubham B.N S yarthiraju (2014) the study on An analysis of financial performance of Indian Banks and after merger & Acquisition the result indicate that Indian banks after merger the efficiently increase the banks returns for the announcement period.

Megha Aggarwal & Shikha Singh (2015) effect of merger and acquisition on financial performance : A case study of kingfisher Airlines the result found there is no significant benefit has been achieved by Kingfisher after the merger.

Heena (2016) study impact of merger and acquisitions on Indian economy and company growth , the reason behind are attractive taxation policy etc.

On the basis of above study it is found that some time market react in the favour of acquirer firms and some time it is in favour of target.

This study focused on stock returns volatility impact of shareholder wealth by observed market reaction.

### III. SIGNIFICANCE AND OBJECTIVE OF THE STUDY

To increase the efficiency and the competitiveness, to grow quickly, to gain synergy effect, to satisfy demanding clients the manufacturing concerns and the financial services industry are following the way of merger & acquisition. The present research study based on the following objectives:

- To examine the Merger and Acquisition impact on stock returns volatility.
- To analyse the impact of Merger and Acquisition on the share prices.

#### 3.1 Hypothesis

In the present century of logic, technology and science, it is not possible to draw any conclusion accurately without proving it to test the validity of the conclusion or claim, Hypothesis testing is applied to decide whether the claim is true or false( Richard and David, 1995). Hypothesis testing enables a decision maker to draw inferences more precisely (Elhance, 2002). Hypothesis is usually considered as the principle instrument in research. Here Hypotheses were formulated and tested statistically to draw conclusions regarding the merger and acquisition on the company.

- **Null Hypothesis (H<sub>0</sub>):** There is no significant changes in stock return volatility in various days of pre and post period of Mergers and Acquisitions.
- **Alternate Hypothesis (H<sub>1</sub>):** There is significant changes in stock return volatility in various days pre and post period of Mergers and Acquisitions.

#### 3.2 Sample Design

This study sample consist Mergers and acquisitions of ten acquirer and five target companies of Machinery Industry during 1 April 2007 to 31 March 2012. In this study it is analysed the stock returns volatility around the announcement period (Pre -& post) of M &As. For the study -21 days pre and +21 posts event window day has been used in short run for the acquirer as well as target companies. Stock return has been used from BSE Sensex. Paired sample t test is used to assess the significant changes in pre and post announcement period of merger and acquisitions. Stock returns volatility asses by following formula  $P1-P0/P0$  here P1 indicate: current priced of share P0 it's used as previous price of the share.

Stock returns analysed in various days -21, +21, -20, +20, -15, +15, -10, +10, -5, +5, -1, +1.

#### IV. RESEARCH METHODOLOGY

M&A Announcement and Return Volatility is an important tool of measure the degree of shareprices volatility in the stock return. M&A announcement shows significant impact on the volatility in the stock returns. Commonly, increase in return volatility shows negative impact on shareholder’s wealth and decreased volatility indicate that positive impact on Shareholder wealth. Stock returns volatility indicate the impact of mergers and acquisitions on market price of the company’s Share pre and post announcement periods. In this paper has been, examined the volatility in stock returns before and after the merger announcement during the pre-event and post announcement periods. In other words, the return volatility was measured for the window - 1 to -20 days for pre-announcement period ( $\sigma_1$ ) and the window 0 to +20 days for the post-announcement period ( $\sigma_2$ ). Variance of stock returns has been used as a measure of volatility. The impact of merger announcement on volatility has been examined on daily returns by t test.

**Table 1.1 List of acquirer company and event date of Machinery Industry**

S.no	Name of company	Event Date
1	Astra Microwave Products Ltd.	30-07-2008
2	Bharat Heavy Electricals Ltd.	25-11-2010
3	Blue Star Ltd.	29-10-2007
4	Centum Electronics Ltd.	12-10-2009
5	Cummins India Ltd.	30-01-2008
6	Emco Ltd.	20-08-2007
7	Esab India Ltd.	31-07-2007
8	Kirloskar Electric Co. Ltd.	28-11-2007
9	Siemens Ltd.	07-06-2010
10	Suzlon Energy Ltd.	11-10-2011

**Table: 1.2 Stock Returns Volatility t - test Result of acquirer firms of Machinery industry.**

Pre-event			Post-event			t Stat	p Value
Days	Mean	Variance	Days	Mean	Variance		
-21 to -1	-0.0003	0.003	1 to 21	0.0033	0.003	0.753	0.460
-20 to -1	0.0010	0.000	1 to 20	0.0031	0.000	0.448	0.659
-15 to -1	0.0028	0.000	1 to 15	0.0051	0.000	0.396	0.698
-10 to -1	-0.0008	0.000	1 to 10	0.0102	0.000	1.618	0.140
-5 to -1	-0.0018	0.000	1 to 5	0.0137	0.000	2.161	0.097

-3 to -1	-0.0038	0.000	1 to 3	0.0185	0.000	-2.527	0.127
-2 to -1	-0.0010	0.000	1 to 2	0.0185	0.000	-1.344	0.407

Significant at 5%

#### V. FINDING & OBSERVATION

Impact of M&A announcement on volatility would depend upon the difference in the expected risk of integration and the diversification gains that may accrue in case the cash flows of the different companies are imperfectly correlated. The mean value indicated negative in pre – merger periods its indicate positive returns as compare to post merger period event window -21 to -1 days indicate thenegative mean value -0.0003 and variance 0.003 and mean value of post event window period become positive with the value 0.003 and variance value 0.003, p value indicate that there is no significant difference between both the periods and null hypothesis cannot be rejected. Stock returns volatility of -20 to -1 days with mean value 0.0010 and variance value is 0.000 in per merger period after post-merger period mean value is 0.0031 and variance value is 0.000 and p value indicate that there is no significant impact on stock returns volatility. Similarly the event -15 to -1, -10 to -1, -5 to -1, -3 to -1, -2 to -1 pre-announcement period and 1 to 15, 1 to 10, 1 to 5, 1 to 3, 1 to 2 days indicate that there is no significant difference between around the announcements and null hypothesis cannot be rejected in all the various period of merger and acquisitions pre-merger period of announcement show positive returns on shareholder wealth of the acquirer companies.

**Table: 1.3 list of target merger of Machinery Industry**

S.no	Name of Company	Event Date
1	Hyderabad Flextech Ltd. [Merged]	02-05-2008
2	Integra India Group Co. Ltd. [Merged]	25-07-2011
3	Punjab Tractors Ltd. [Merged]	30-07-2008
4	R P G Cables Ltd. [Merged]	30-10-2009
5	Torrent Cables Ltd. [Merged]	07-04-2008

**Table: 1.4: Mean value of Stock Returns Volatility and t - test Result of Target firms of Machinery industry.**

Pre-event			Post-event			t Stat	p Value
Days	Mean	Variance	Days	Mean	Variance		
-21 to -1	-0.0005	0.000	1 to 21	-0.0005	0.000	-0.097	0.924
-20 to -1	-0.0005	0.000	1 to 20	-0.0005	0.001	0.042	0.967
-15 to -1	-	0.000	1 to	-	0.000	-	0.949

1	0.005 1	1	15	0.000 4	0	0.06 5	
-10 to -1	- 0.000 5	0.00 1	1 to 10	- 0.010 6	0.00 1	0.41 3	0.689
-5 to -1	0.000 8	0.00 1	1 to 5	- 0.001 0	0.00 1	0.73 7	0.502
-3 to -1	0.002 1	0.00 0	1 to 3	- 0.002 1	0.00 1	1.72 3	0.227
-2 to -1	0.297 9	0.00 0	1 to 2	- 0.349 3	0.00 1	1.91 3	0.307

Significant at 5%

### Finding & observation

Table 1.4 indicate that stock returns volatility and t test result of target firms of machinery industry -21 to -1 event window pre announcement period with the mean value is -0.0005 after announcement mean value is -0.005 and p value indicate that there is no significant difference between both the period and null hypothesis cannot be rejected. Event window -15 to -1 with the mean value is -0.0051 and variance value is 0.001 in the pre-announcement period after announcement mean value is -0.004 and variance value is 0.000 and p value indicate that there is no significant difference between both the periods, null hypothesis cannot be rejected other event days twenty, ten five, three, two indicate that there is no significant difference between both the period and null hypothesis cannot be rejected. Result indicates that there is no significant change in stock returns volatility.

**Table: 1.5 Percentage-wise changes in stock returns volatility of acquirer and target firms:-**

Stocks Returns Volatility of Acquirer and Target firms % wise

Acquirer Firms				Target Firms			
Day	Pre – Average %	Day	Post Average %	Day	Pre-Average %	Day	Post – Average %
-21	-3%	21	1%	-21	-1%	21	0%
-20	1%	20	-1%	-20	1%	20	-2%
-19	-4%	19	-1%	-19	-1%	19	-2%
-18	0%	18	0%	-18	-4%	18	-2%
-17	1%	17	0%	-17	1%	17	0%
-16	0%	16	1%	-16	0%	16	2%
-15	1%	15	-1%	-15	-1%	15	2%
-14	2%	14	1%	-14	0%	14	2%
-13	1%	13	0%	-13	-2%	13	1%

-12	3%	12	-1%	-12	0%	12	1%
-11	-1%	11	-2%	-11	1%	11	-2%
-10	-1%	10	2%	-10	-4%	10	-2%
-9	1%	9	-1%	-9	-1%	9	-2%
-8	1%	8	-1%	-8	-1%	8	-2%
-7	0%	7	2%	-7	-3%	7	1%
-6	-1%	6	2%	-6	0%	6	-1%
-5	2%	5	2%	-5	0%	5	-3%
-4	-2%	4	-1%	-4	-2%	4	4%
-3	-1%	3	2%	-3	2%	3	1%
-2	0%	2	3%	-2	1%	2	-2%
-1	0%	1	0%	-1	4%	1	-5%
To tal	-1%		7%		-11%		-10%

### Finding and observation

Total Percentage is negative in pre-announcement period with the value is -1% it is became positive in post - announcement period with the 7% of the acquirer firms.

Target firms percentage value is negative -11% in pre-announcement period it is also negative in post-announcement period with the percentage -10% which is decreased by 1% from pre-announcement.

F test has been also used to examined the stock returns volatility variance pre and post announcement period -21 to -1 event window with mean value -0.0003 and variance value 0.000 before announcement and after announcement 1 to 21 event window with the mean value 0.0003 and variance value is 0.000 f value 0.2927 indicate that there is no significant difference between both the periods null hypothesis cannot be rejected and various event window days indicate that there is no significant difference between both the periods of acquirer firms. Target firms mean value is -0.0005 in pre-announcement of event window -21 to -1, after announcement event window 1 to 21 with the mean value is -0.0005 with the f value 0.722927 indicate that, there is no significant difference between both the periods and null hypothesis cannot be rejected significant at 5%.

## VI. CONCLUSION

The study examined that there is no significant changes of stock return volatility during pre and post announcement period it show the impact on shareholder wealth that there no changes in value of shareholder wealth of acquirer as well as target firms, mean value indicate that slightly changes in stock returns in pre-announcement period as compare to post announcement period.

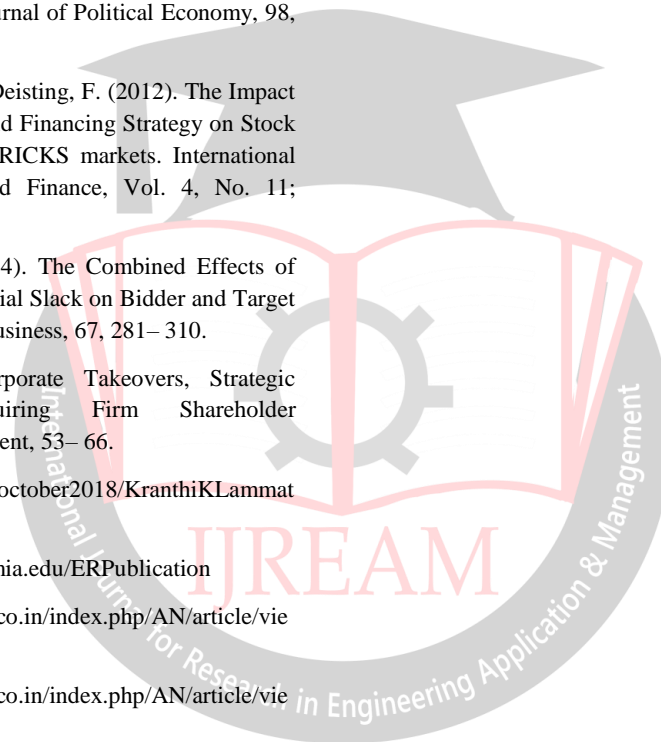
Percentage wise stock returns volatility negative in pre-merger period it show positive impact of shareholder wealth in pre-announcement period and it's become positive in post-merger period which is show negative impact on wealth of shareholder in post-merger period of acquirer firms. Target firms also negative in pre-merger period and it is also negative in post-merger period but less from pre-merger period. It is indicating positive impact on shareholder wealth in pre-merger period its higher form after announcement.

F test also indicate that there is no significant changes of stock returns volatility around the announcement.

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# Challenging Time Ahead - A Study of Financial Performance of District Central Cooperative Bank, Hoshangabad (MP)

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**Abstract -** Central Cooperative banks are the back bone of the rural credit delivery system. They are playing vital role in the growth and rural thrift. These banks are serving the rural mass with entirely different approach as they are considered to be the banks of farmers. They are supplementing the credit services to the rural people which are not being served by the other mainstream banks.

A healthy and professionally managed cooperative banking system is essential for Indian rural economy to achieve sustainable growth. Due to rapid changes in the banking industry, entrance of Small Payment Banks and consolidation of Regional Rural Banks; these rural cooperative banks i.e District Central Cooperative Banks are changing themselves strategically, become technology savvy, profit earning and now marching towards long term sustainability.

The District Central Cooperative Bank, Hoshangabad is situated in the Narmada river Valley Plateau. As on 31.03.2018 the CRAR of the bank is 13.91% which is very sound and complying with the 9% norms. At present the bank is countering with some problems like Gross NPA<sup>1</sup> (45.91%), negative operating margin (- 0.62%), higher transaction cost (1.12%) and low member share capital linking rate (5.17). Mounting gross NPA, squeezing net financial margins & accumulated profit are the some other critical issues which the bank is facing for the last three years. In the present scenario context when Commercial Banks and RRBs are undergoing consolidation and merger activities for strengthening themselves to cope up with the cutting edge banking environment, this becomes imperative to study the financial performance of DCCB, Hoshangabad so that proper steps may be taken to achieve the long term sustainability as well safeguarding the interest of depositors and its stake holders. This paper attempts to analyze the performance of the DCCB Hoshangabad through banking financial ratios pertaining to period 2015-16 to 2017-18.

**Key Words –** CRAR, Credit, NPA, Profitability, Net Margin

**JEL Classification –** G21; G28; G30

<sup>1</sup> A Non-performing asset (NPA) is defined as a credit facility in respect of which the interest and/or installment of principal has remained 'past due' for a specified period of time.

## I. INTRODUCTION

Co-operative banking system is basically an imported concept and has occupied a pivotal and prominent role in the economic liberation of millions of people of our nation. It has emerged as a social and healthy banking institution providing need-based quality banking services essentially to the middle and lower middle classes and the marginalized sections of the society. Co-operative Banks are assisting in boosting the growth rate of Indian economy by providing a boost to agricultural production in the country and by making available cheap and hassle free agricultural finance but on the other side, weakening of co-operative banks have been relatively high in recent years particularly if we talk about rural cooperative banks. Rising of NPAs due to bad monsoon and moral hazard due to loan waiver schemes amongst the farmer members of the cooperative credit institutions were the prominent reasons for low recovery. Lesser number of staff and late adoption of core banking solutions & technological advancements were the critical issues which hampered the efficiency, performance, niche tabbing and financial margins of the banks. Limited area of operation, low customer base, lacks of professionalism and delay in policy decisions have put these banks into the non resilient credit institutions. Due to these inabilities, the shares in rural credit of these institutions have come down sharply.

According to NAFSCOB data, as on 31.03.2017, out of total loans outstanding, 44.92 percent was the share of seasonal agricultural operations. This higher involvement in agriculture operations indicates the risk profile of the bank. This also reflects that due to limited area of operations and low avenues of non agriculture lending, the entire loaning is on one bucket, that is, seasonal agriculture financing.

As far District Central Cooperative Bank (DCCB), Hoshangabad is concern; it is also showing the higher inclination in agriculture operations. As on 31.03.2018, out of total loans outstanding of INR 7994.13 Million, 81.26 percent was the share of seasonal agricultural operations which was on very high side. Hoshangabad is a Kharif<sup>2</sup> crop dominated district. The major crops sown under Kharif season are Paddy & Soybean. Both crops are very sensitive for either drought or heavy rainfall. At present the bank is countering with some problems like Gross NPA (45.91%), negative operating margin (- 0.62%), higher transaction cost (1.12%), low member share capital linking rate (5.17), squeezing NFM [from 0.09 percent – FY 2017 to negative 0.50 percent – FY 2018] and diminishing accumulated profit [from 109 Million – FY 2017 to 51 Million – FY 2018]. With this background, this

study is considered to be an important one not only to analyze the performance but to provide the handy suggestions so that bank may continue its sustainability and serve its member PACS & farmers of the district in the longer run.

## II. RESEARCH GAP

The review of literature done for this research work reveals that no research was previously conducted on the financial performance analysis of the DCCB, Hoshangabad, Madhya Pradesh, India. Hence this research aims to fill the gap by analyzing the financial performance of the DCCB, Hoshangabad.

## III. OBJECTIVES

The objectives for the study were –

1. Analyzing the growth rate of financial parameters of the balance sheet of the bank.
2. Evaluating the banking financial ratios contributing the financial performance of the bank.
3. Giving the suitable suggestions for improving the performance of the bank.

## IV. RESEARCH METHODOLOGY

The research is solely based upon the secondary data collected from published sources, audit report and annual report of DCCB, Hoshangabad. It does not involve any prejudice part of the researcher. This is descriptive, quantitative and analytical research. Comparative balance sheet analysis and banking ratio analysis was undertaken with a view to analysing financial performance of the bank. Balance sheets pertaining to FY 2015-16 to FY 2017-18 were taken as the reference period. The secondary data so collected for the above said financial years have been tabulated in MS Excel sheet suitably prepared for this purpose. Analyzing, interpreting the collected data and summary has been drawn as accordingly.

## V. PROFILE OF THE BANK

The Hoshangabad bank was registered in the year 1910 as a cooperative society under the then CP Barar Cooperative Societies Act. It has 22 branches with its affiliated 125 PACS & 26 LAMPS in the district. Out of these 22 branches, 17 branches are functioning as loan branches and rest 05 branch are functioning as deposit branches. As on 31.03.2018, the bank is in the accumulated profit of INR 509.63 Million with the 45.91 percent gross NPA & 13.91 percent CRAR. Bank has earned “C” class audit classification in its latest (FY 2018) statutory audit.

The major customers of this bank are 151 PACS & LAMPS of the district Hoshangabad. Bank is financing to these PACS on “On Lending” mode for agriculture purposes and then these PACS lend this money to the member farmers. The major sources of the funds are

2 The crops that are sown in the early summer season are called Kharif crops. Also known as the “Monsoon Crop” in India. These crops are usually sown in the beginning of the monsoon season around June and harvested by September or October.



deposits from its customers and borrowings from NABARD & APEX Bank, Bhopal.

## VI. RESULTS AND ANALYSIS

Following table – 01 is showing the three years balance sheet position of the bank–

**Table – 01: Comparative Balance Sheet Position**

(INR in Millions)

Liability / Asset	Actual		
	Mar-16	Mar-17	Mar-18
Share Capital	248	402	413
Member	248	402	413
Govt.	0	0	0
Reserves	1836	1846	1854
Deposit	3047	3113	4161
Current	40	53	752
Saving	1357	1204	1478
Fixed	1650	1856	1931
Borrowing	3417	2908	2811
Branch Adjustment	526	161	296
Interest Payable	181	171	163
Other Liability	134	98	1114
Accumulated Profit	107	109	51
<b>TOTAL</b>	<b>9496</b>	<b>8808</b>	<b>10862</b>
Cash In Hand	40	36	96
Cash At Bank	127	313	79
Investment	895	1047	2012
Shares	154	165	165
FDR	741	882	1848
Loans	7569	6726	7994
Fixed Assets	357	357	357
Branch Adjustment	0	0	0
Interest Receivable	166	154	113
Other Assets	341	175	210
Accumulated Loss	0	0	0
<b>Total</b>	<b>9496</b>	<b>8808</b>	<b>10862</b>

Source – Secondary  
Data – Annual  
Reports

Following table – 02 is showing the three years Profit & Loss Account position of the bank –

**Table – 02: Profit & Loss Account Position**

(INR in Millions)

Expenditure	Actual		
	Mar-16	Mar-17	Mar-18
Interest Paid On Deposits	199	225	227
Interest Paid On Borrowings	262	302	273
Salary, Allowances, Pf, Gratuity	57	85	94
Other Expenditure	61	52	27
Provisions Loans/Others	1	5	1
Operating Profit	12	8	0

**Table – 02: Profit & Loss Account Position**

(INR in Millions)

Expenditure	Actual		
	Mar-16	Mar-17	Mar-18
<b>Total</b>	<b>592</b>	<b>678</b>	<b>623</b>
<b>Income</b>			
Interest Received On L/A	506	575	462
Interest Received On Investments	74	83	92
Commission Exchange	3	2	1
Dividend On Shares	5	9	7
Other Receipts	4	9	6
Operating Loss	0	0	55
<b>Total</b>	<b>592</b>	<b>678</b>	<b>623</b>

Source – Secondary Data – Annual  
Reports

On the basis of last three years balance sheet, comparative balance sheet growth rate for various financial parameters have been drawn which are as follows –

**Table – 03: Comparative Balance Sheet Growth Rate**

(Figures in percentage)

Particulars – Liability	Mar-17	Mar-18
Share Capital	62	3
Reserves	1	0
Deposit	2	34
Borrowing	-15	-3
Interest Payable	-6	-5
Other Liability	-26	1032
Accumulated Profit	2	-53
Particulars – Assets	Mar-17	Mar-18
Cash In Hand	-12	169
Cash at Bank	148	-75
Investment	17	92
Loans	-11	19
Fixed Assets	0	0
Other Assets	-49	20
Gross Working Capital	-7	23

Above tables reveals the following indications about the financial position & growth rate of the bank –

- Share Capital – In the year 2016, the share capital was INR 248.00 Million which increased in the year 2018 up to INR 413.00 Million. In the year 2017 growth rate was 62 percent, whereas in the year 2018 it was only 03 percent.
- Reserves – In the year 2016, the reserves were INR 1836.00 Million which increased in the year 2018 up to INR 1854.00 Million. In the year 2017 growth rate was only 01 percent; whereas in the year 2018 it was nil.
- Deposit – In the year 2016, the deposits were INR 3047.00 Million which rose sharply up to INR 4161.00 Million in the year 2018. In the year 2017

growth rate was only 02 percent, whereas in the year 2018 it was at 34 percent.

- Borrowings – In the year 2016, the borrowings were INR 3417.00 Million which decreased up to INR 2811.00 Million in the year 2018. In the year 2017 growth rate was negative 15 percent whereas in the year 2018 it was also at negative 03 percent.
- Interest Payable – In the year 2016, the interest payable was INR 181.00 Million which decreased up to INR 163.00 Million in the year 2018. In the year 2017 growth rate was negative 06 percent, whereas in the year 2018 it was also at negative 05 percent.
- Other liability – In the year 2016, the other liabilities were INR 98.00 Million which increased enormously in the year 2018 at INR 1114.00 Million. In the year 2017 growth rate was negative 26 percent, whereas in the year 2018 it increased by 1032 percent.
- Accumulated Profit – In the year 2016 the accumulated profit was INR 107.00 Million whereas in the year 2018 it was at INR 51.00 Million. Reason being, the bank adjusted the operating loss of INR 55.00 Million pertaining to FY 2017-18 from the accumulated profit of INR 109.00 Million pertaining to the FY 2016-17.
- Investment – In the year 2016, the investments were INR 895.00 Million which increased in the year 2018 at INR 2012.00 Million. In the year 2017 growth rate was 17 percent, whereas in the year 2018 it increased up to 92 percent.
- Loans – In the year 2016, the loans were INR 7569.00 Million which increased a little in the year 2018 at INR 7994.00 Million. In the year 2017 growth rate was negative 11 percent, whereas in the year 2018 it increased at 19 percent.
- Other Asset – In the year 2016, the other assets were INR 341.00 Million which decreased sharply up to INR 210.00 Million in the year 2018. In the year 2017 growth rate was negative 49 percent, whereas in the year 2018 it increased at 20 percent.
- Working Capital – In the year 2016, the working capital was INR 9496.00 Million which rose very sharply in the year 2018 at INR 10862.00 Million. In the year 2017 growth rate was negative 07 percent, whereas in the year 2018 it was increased at 23 percent.

### 6.1 Bank Financial Ratios

Following table – 04 is showing the ratios derived from the last three year’s Profit & Loss position and establishment figures of the bank –

Table – 04: Banking Financial Ratios

(INR in Millions)

Sn	Particulars	Actual		
		Mar-16	Mar-17	Mar-18
1	Net Working Funds	9496.00	8808.11	10861.63
2	Weighted Return on Funds (in percentage)	6.11	7.47	5.11
3	Weighted Cost of Funds (in percentage)	4.85	5.99	4.61
4	Financial Margin (2-3)	1.25	1.47	0.50
5	Transaction Cost (in percentage)	1.24	1.56	1.12
6	Operating Margin (4-5)	0.01	-0.09	-0.62
7	Miscellaneous Income (in percentage)	0.13	0.23	0.12
8	Risk cost (in percentage)	0.01	0.06	0.01
9	Net Margin (6+7-8)	0.13	0.09	-0.50
10	Total Business	10617.06	9839.48	12154.73
11	Per Employee Deposit Outstanding	15.87	16.64	22.37
12	Per Branch Deposit Outstanding	138.51	141.48	189.12
13	Per Employee Loan Outstanding	39.43	35.97	42.98
14	Per Branch Loan Outstanding	344.09	305.77	363.37
15	Per Employee Deposit Accounts	560	650	676
16	Per Branch Deposit Accounts	4890	5523	5714
17	Per Employee Loan Accounts	28	28	32
18	Per Branch Loan Accounts	240	240	267
19	Per Employee Productivity	55.30	52.62	65.35
20	Per Branch Productivity	482.59	447.25	552.49
21	Demand – as on 30 June	4350.80	3706.00	4632.54
22	Collection – as on 30 June	2766.30	2326.30	2803.61
23	Balance	1584.50	1379.70	1828.93
24	Percentage of Collection to Demand	63.58	62.77	60.52
25	Total Over Dues	1584.50	1379.70	1828.93
26	Total Over Dues as percent to Loans o/s	20.93	20.51	22.88

Above table – 04 reveals the following indications about the financial & performance ratios of the bank –

#### 6.1.1. Profitability Ratios:

- Yield on Assets – in the year 2016, the yield on assets was 6.11 percent, whereas in the year 2018 it was reduced by 5.11 percent.
- Cost of Funds – in the year 2016, the cost of funds was 4.85 percent, whereas in the year 2018 it was reduced by 4.61 percent.
- Gross Financial Margin – in the year 2016, the GFM was 1.24 percent, whereas in the year 2018 it was reduced by 0.50 percent.

- Transaction Cost – in the year 2016, the Transaction Cost was 1.24 percent, whereas in the year 2018 it was reduced by 1.12 percent.
- Operating Margin – in the year 2016, the Operating Margin was 0.01 percent, whereas in the year 2018 it was reduced by negative 0.62 percent.
- Miscellaneous Income – in the year 2016, the Miscellaneous Income was 0.13 percent, whereas in the year 2018 it was reduced by 0.12 percent.
- Risk cost – in the year 2016, the Risk cost was 0.01 percent, whereas in the year 2018 it was also 0.01 percent.
- Net Margin – in the year 2016, the Net Margin was 0.13 percent, whereas in the year 2018 it was negative 0.50 percent.

#### 6.1.2. Productivity & Performance Ratios:

- Per Employee Deposit Outstanding – in the year 2016, the Per Employee Deposit Outstanding was INR 15.87 Million, whereas in the year 2018 it was INR 22.37 Million.
- Per Branch Deposit Outstanding – in the year 2016, the Per Branch Deposit Outstanding was INR 138.51 Million, whereas in the year 2018 it was INR 189.12 Million.
- Per Employee Loan Outstanding – in the year 2016, the Per Employee Loan Outstanding was INR 39.43 Million, whereas in the year 2018 it was INR 42.98 Million.
- Per Branch Loan Outstanding – in the year 2016, the Per Branch Loan Outstanding was INR 344.09 Million, whereas in the year 2018 it was INR 363.37 Million.
- Per Employee Deposit Accounts – in the year 2016, the Per Employee Deposit Accounts was 560, whereas in the year 2018 it was 676.
- Per Branch Deposit Accounts – in the year 2016, the Per Branch Deposit Accounts was 4890, whereas in the year 2017 it was 5714.
- Per Employee Loan Accounts – in the year 2016, the Per Employee Loan Accounts was 28, whereas in the year 2018 it was 32.
- Per Branch Loan Accounts – in the year 2016, the Per Branch Loan Accounts was 240, whereas in the year 2018 it was 267.
- Per Employee Productivity – in the year 2016, the Per Employee Productivity was INR 55.30 Million, whereas in the year 2018 it was INR 65.35 Million.
- Per Branch Productivity – in the year 2016, the Per Branch Productivity was INR 482.59 Million, whereas in the year 2018 it was INR 552.49 Million.

## VII. FINDINGS (AREA OF CONCERN)

- 7.1. Linking of Member Share Capital** – Share linking data below shown depicts that there was low share capital collection or low share linking rate. It was never more than 9 percent during all the 03 years which is necessary to hedge required CRAR level.

Table – 05: Share Linking Ratio

(INR in Millions)

Sn	Particulars	Actual		
		Mar-16	Mar-17	Mar-18
1	Loans (Assets outstanding)	7569.89	6726.87	7994.13
2	Share Capital (Excluding government share)	247.79	402.44	412.90
3	Shares Linking Ratio (In percent)	3.27	5.98	5.17
4	Deficit of Member Share Capital @ 9 percent	433.50	202.98	306.57

- 7.2. Average Interest on Loaning** – In the year 2016, the average interest on loaning was 6.69 percent which increased in the year 2017 and reached at the level of 8.54 percent. In 2018 it dipped at the level of 5.79 percent. Theoretically average rate of interest should not below at 10.00 percent level as the minimum rate of interest of the bank on a single loan portfolio is 10.00 percent. Besides this bank has in adoption of “Accrual” accounting policy and also compounds interests on non agricultural loans therefore average rate of interest should not be less than 10.00 percent. It indicates that there is an income leakage. In the FY 2018 income leakage was of INR 336.95 Million. This income leakage is on assumption that no interests were credited to memorandum account.

Table – 06: Deficit and Average Interest on Loaning

(INR in Millions)

Sn	Particulars	Actual		
		Mar-16	Mar-17	Mar-18
1	Loans (Assets outstanding)	7569.89	6726.87	7994.13
2	Average Interest on Loaning	6.69	8.54	5.79
3	Deficit of interest in percent against minimum loaning interest rate i.e. 10 percent	-3.31	-1.46	-4.21
4	Deficit of interest in quantum against minimum loaning interest rate i.e. 10 percent	-250.76	-98.18	-336.95

- 7.3. Financial Margins** – In the year 2016, the Gross Financial Margin was 1.25 percent which increased in the year 2017 and reached at the level of 1.47 percent. In 2018 it dipped at the level of 0.50

percent. Similarly, the net margin which was 0.13 percent in the FY 2016 dipped in the FY 2017 at 0.09 percent level which further dipped at negative 0.50 percent in the FY 2018. The reason being, bank has a squeezing trend in yield on assets (see table 06). This is a matter of concern. There is a possibility that this might be due to marking of NPA accounts and parking the interest yield on the same into memorandum account. Even though, at 60.52 percent recovery on agricultural loans, GFM of 0.50 percent in the FY 2018 is seems to be not justifiable.

**Table – 07: Financial Margins**

(INR in Millions)

Sn	Particulars	Actual		
		Mar-16	Mar-17	Mar-18
1	Gross Financial Margin	1.25	1.47	0.50
2	Operating Margin	0.01	-0.09	-0.62
3	Net Margin	0.13	0.09	-0.50

**7.4. CD Ratio<sup>3</sup>** - In the year 2016, the CD ratio was 248.42 percent which reduced in the year 2017 and dipped at the level of 216.12 percent. Again in 2018 this decreased at the level of 192.14 percent. Still it is at very high side and by looking its exposure in a single loan portfolio i.e. SAO (81.26 percent) and 45.91 percent gross NPA level which was moved from previous level of 37.36 percent, this CD ratio is critical. The average yield on investment (excluding shares investment in cooperative institutions) was 4.95 percent in the FY 2018 whereas bank earned average interest at 5.79 percent on loans. The bank may think of curtailing its single portfolio slightly and may move to higher yielding non SLR portfolio.

**Table – 08: Credit Deposit Ratio**

(Figures in Percent)

Sn	Particulars	Actual		
		Mar-16	Mar-17	Mar-18
1	CD Ratio	248.42	216.12	192.14
2	Average Yield on Investment (Except Shares)	9.95	9.43	4.99
3	Average Yield on Loans	6.69	8.54	5.79

**7.5. Generation of Fresh NPA & Movement of NPA** – During FY 2018, bank has generated fresh NPA to the tune of INR 1157.27 Million in comparison to the FY 2017 which was INR 77.15 Million. The overall slippage percentage in NPA during FY 2018 was 46.05 percent.

**Table – 09: Generation of Fresh NPA & Movement of NPA**

(INR in Millions)

Sn	Particulars	Actual		
		Mar-16	Mar-17	Mar-18
1	Loan Outstanding	7569.89	6726.87	7994.13
2	Gross NPA (%)	32.18	37.36	45.91
3	Gross NPA (Amount)	2435.80	2512.95	3670.22
4	Standard Assets	5134.09	4213.91	4323.90
5	Slippage (%)	-9.11	3.17	46.05
6	Slippage (Amount)	-244.24	77.15	1157.27

**7.6. Loan Portfolio Diversification** - More than 80 percent business of the bank is coming from PACS only and that to from agriculture business. This is a high level inclination towards short term crop loans and also leading to the bank towards monsoon risk.

**Table – 10: SAO to Loans & Advances**

(INR in Millions)

Sn	Particulars	Actual		
		Mar-16	Mar-17	Mar-18
1	Loans & Advances Outstanding	7569.89	6726.87	7994.13
2	SAO Outstanding (Including MTC)	5960.19	5488.73	6496.41
3	Percentage of SAO to Loans & Advances	78.74	81.59	81.26

**7.7. Average Interest on Borrowing** – In the year 2016, the average interest on borrowing was 7.70 percent which increased in the year 2018 and reached at the level of 9.70 percent. It is at higher side. On SAO, rate of interest on NABARD fund is 4.5%. It means bank is borrowing much money from APEX Bank fund at higher rate which is contributing in steeping up the cost of borrowing. Bank needs to mobilize the deposits (which was averaged at 5.47 percent level in FY 2018) and should not rely on higher cost borrowing.

**Table – 10: Average Interest on Borrowing & Deposit**

(Figures in Percent)

Sn	Particulars	Actual		
		Mar-16	Mar-17	Mar-18
1	Average Interest on Borrowing	7.7	10.4	9.7
2	Average Interest on Deposit	6.54	7.24	5.47

**7.8. Low Non Interest Income** - Non fund business or miscellaneous income of the bank is only 0.12 percent in the FY 2017-18. Bank requires moving more into non-interest income.

<sup>3</sup> Credit-Deposit ratio is proportion of loan created by banks from deposits it receives i.e. capacity of a bank to lend.

## VIII. SUGGESTIONS

- 8.1 Share capital is a tier - one item and it is a very vital component for calculating the CRAR, Net worth & also for the borrowing capacity of the bank. Bank needs to take immediate action to improve the share collection linking rate. At present (FY 2018) bank is collecting the shares from its members at the rate of 5.17 percent which is not sufficient to cross the 9 percent benchmark. Bank needs to collect the share capital from its members at the rate of 9 percent then only it will be able to stabilize in the longer run particularly when the original recommendation of Narsimhan 01 Committee of 12 percent CRAR would be enforced. The recovery of deficit share capital amounting INR 306.57 Million could lead to 3.43 percent (At RWA of INR 8914.93 Million) enhancement in the present 13.91 percent CRAR level (FY 2018).
- 8.2 Deposits are one of the vital items which lower the cost of funds. Lowering the cost ultimately leads to the profit; therefore bank requires taking this issue very seriously as the cost of borrowing (FY 2018 – 9.70 percent) is continuously high for the last three years as compare to the cost of deposits (FY 2018 – 5.47 percent).
- 8.3 To reduce the cost of borrowing, which is 9.70 percent at this point of time (FY 2018), bank needs to mobilize the deposits and apportioned the loan recovery proceedings in such a manner that Apex bank's borrowing may remain always at lower side and NABARD's portion of borrowing (which is 4.5 percent at this time) may remain in rotation.
- 8.4 To mitigate the monsoon risk and liquidity risk, bank requires diversifying its loan portfolio and should move into high rated non SLR investment and capital formation in rural area particularly in horticulture area.
- 8.5 Computerization of PACS - PACS must be equipped with the modern tools and office automation to serve its members in a faster, transparent and hassle free way. Computerization would check the income leakages at PACS level also.
- 8.6 Advances to the farmers through PACS needs to be filtered. Only those farmers should be entertained at the time of loan disbursement, which produces the land records like *BI* and certified copy of *Khasra*, so that multiple loaning, moral hazard and slippage of NPA may be checked.
- 8.7 The bank must adopt the strategy to cover its cost of establishment by increasing the non-interest income.

## IX. CONCLUSION

From the detailed study of CCB, Hoshangabad, it can be concluded that, the bank is performing at fairly good level. There are certain areas of worry particularly mounting NPA and lowering financial margins, where immediate actions are to be taken in serious mode. Other performance parameters are showing firm & assured picture but challenging time is ahead. Bank is showing moderately good position. Thus it can be said that bank can retain its dominating position in rural credit market in the years to come and serve its members with the aim of prosperity.

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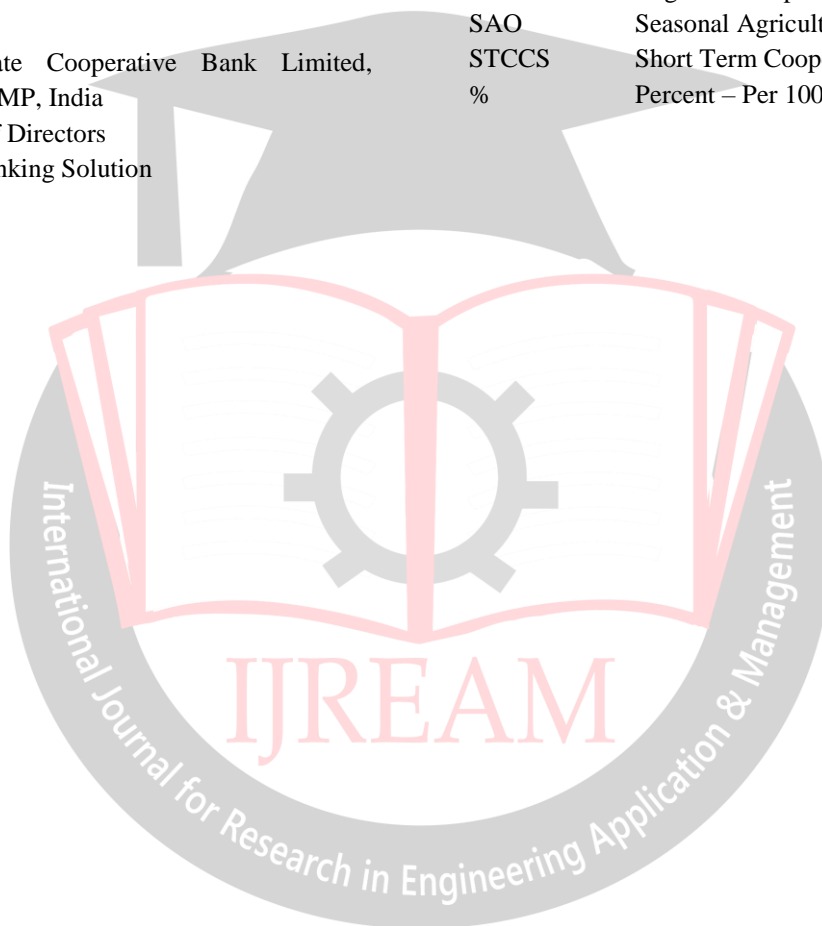
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CCB	Central Cooperative Bank Limited
CD Ratio	Credit – Deposit Ratio
CRAR	Capital to Risk Weighted Asset Ratio / Capital Reserve Adequacy Ratio
DCCB	District Central Cooperative Bank Limited
FY	Financial Year
INR	Indian Currency - Rupee
LAMPS	Large Area Multipurpose Society
MTC	Medium Term Conversion Loans
NABARD	National Bank for Agriculture and Rural Development
NPA	Non Performing Assets
PACS	Primary Agriculture Credit Cooperative Society
RCS	Registrar Cooperative Societies
SAO	Seasonal Agricultural Operations
STCCS	Short Term Cooperative Credit Structure
%	Percent – Per 100

**ABBREVIATIONS**

APEX Bank	MP State Cooperative Bank Limited, Bhopal, MP, India
BOD	Board of Directors
CBS	Core Banking Solution



# An Empirical Review on the Effectiveness of Marketing Strategies of E- Marketing Companies in India

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**Abstract -** The concept of digital marketing is quite prevailing and ever growing in the contemporary global scenario. Its relevance becomes further crucial in the context of developing countries particularly a huge market like India. The customer outreach of digital marketing is growing every day and the story of e-commerce is not limited to the Indian metro cities only. Moreover, the rapid growth in the use of smart phones is enabling even the rural people to participate. The major attraction of tolling customer base is inspiring E- marketing companies to lure them with the best possible marketing strategies. The effective of these marketing strategies plays a decisive role in deciding the future of the Indian E- marketing players in the long term.

**In this research paper, a study has been conducted to find out effective of these marketing strategies of E- marketing companies in India. The sample size of the research is 100.**

**Keywords:** *E-marketing, effectiveness, marketing strategies.*

## I. INTRODUCTION

In the era of today's globalization, the gap between the countries in the world has completely ended. In whatever type of discrimination the society used to be seen in the time of the day, all the people want to get up ahead of these things and move on to the path of progress only. If we try to assess the world in terms of advancement, then we will find that there have been significant changes even in most areas of the world. Whether it is the matter of generating electricity from the renewable sources of nature in the field of energy of the world or going into space and searching for life on other planets. It is not necessary to mention here that not only significant changes have occurred in the field of marketing, but this area is facing constant change. It is important to study the impact on the marketing sector with the significant use of the Internet. It is true that one of the major factors for the development of e-marketing has increased the use of the Internet in the last few years in a rapidly global growth. This has dissipated a new concept of e-marketing that is constantly evolving. E-marketing uses the power of internet for any type of business or commerce, which refers to any market on the Internet. Therefore, it can be said in general language that e-marketing supports the sale, purchase and trade of products or services on the Internet.

If we look at the Indian landscape of e-marketing, then we will find that many Indian companies like Indian eBay, Amazon, Flipkart and Shop clues have brought revolutions in the e-commerce industry. These companies and their other Indian startups are doing crores of business annually. These startups are also taking advantage of e-commerce with their innovation. From this, entrepreneurship is created, but in the field of marketing, finance, logistics, warehouse, graphics, new job opportunities have arisen. At present, the e-commerce industry is about \$ 12 billion, which is expected to reach 75 billion dollars by 2020. According to a report by the Internet and Mobile Association of India (IAMAI) and IMRB, e-commerce in India is increasing at a rate of about 34 percent. Among the global players like e-bay and Amazon, Indian e-commerce companies like Flipkart, Jabong, Snapdeal, Homeshop 18, Mintra, have created a new success story.

## II. PRINCIPLES OF E-MARKETING

The three basic principles of e-marketing are:

### 1. Immediate

E-marketing is primarily based on the internet which is known only for its urgency. It varies rapidly depending on the updates and online information. It allows the people connected to the Internet to become a regular customer by going ahead and furthering their customer. Immediateness is an important part of which the essentiality restricts

people to look at other websites or other products rather than focusing on the company's advertising. Urgent urgency is necessary to maintain the side and focus of this group.

## 2. Personalization-

The goal of e-marketing is to be a person who wants personal address. Companies often use personal information available online for their benefit, so that they can target these people accurately and individually.

## 3. Relevance

Online communication should always be interesting and relevant otherwise it can be ignored by the viewer and it reduces the possibility of selling the product.

### III. EVOLUTION OF E-MARKETING IN INDIA

Low cost of computers in India, increase in the number of computer users, and a growing market are the main reasons for e-marketing emerging in India. This is the main reason for the increase in the number of companies taking e-commerce. Companies like Amazon, E. Bay, Menta, Flipkart, Shop Cluj, Kiwkar are some of the companies that have established their name in the Indian e-commerce market. All these sites are selling varieties of products, movie tickets, electronic gadgets, accessories, household items and more. Stock exchanges are also now online. Delivery of goods by consumers is done at a fast rate, besides the quality of the product is satisfactory. Indian banks are also using Internet banking facilities.

India's economic industry is moving towards development and is progressing rapidly in development. The online travel industry is one of the largest ecommerce segments in India and it has been growing largely due to the Internet-savvy urban population. The online travel industry has also incorporated some private firms such as Make My Trip, Clear Trip and Travel. The Government has also started IRCTC, which is a successful initiative of Indian Railways. Online classified segments are also growing. It is broadly divided into three areas; Jobs, Matrimonial & Real Estate In recent years, due to the record increase in the mobile user base in India, mobile commerce is also increasing rapidly and is becoming a stable and safe supplement for ecommerce. A report by the Internet and Mobile Association of India states that India's e-commerce market is growing at an average rate of 70 percent annually and since 2007 it has more than 500 percent. E-ticketing and digital downloads are expected to grow at a faster rate, while online travel market will continue to rule on the main proportion of stake.

Technology related to India's domestically ecommerce dominates, according to the latest eBay census, total totals contribute 44 percent to ecommerce transactions. However, the lifestyle product category contributes 35 percent to global business for online business. India is

showing tremendous growth in ecommerce. Rival Tridentia.com has 700,000 registered buyers and has a growth rate of 35 percent every year. Travel portal Make My Trip has achieved a turnover of Rs.1000 crores, which is around 20% of the total e-commerce market in India. These facts also show that the e-commerce market in India is also increasing every year. In 2012, the size of e-commerce market in India was about 500,000 crores, while in 2011 there was 1 billion. In India, more online users are willing to make purchases through internet.

### Companies taken for the Study

The companies taken for this study are Amazon, Flipkart, and Shop Clues as they can be considered as most dominant E- Marketing players of the contemporary Indian scenario. The fourth category taken in the context is the others which opens all the possible alternatives for the respondents in case they are not finding the above mentioned three options best fitted for their answers.

### Marketing Strategies of E- marketing

#### Companies

Following marketing strategies are taken for the study in order to find out whether they affects the success of the E-marketing companies in India in the desired or adverse manner. The significance of these marketing strategies has been tested in this context.

1. Availability of products offered by E-marketing companies in India.
2. Quality of products offered by E-marketing companies in India.
3. Range of products offered by E-marketing companies in India.

#### Objectives of the Study

The aim behind this Research is:

1. To understand the concept of E-marketing.
2. To know the relevance of E-marketing for India.
3. To study the marketing strategies of E marketing companies and analyze their impact on them.

#### Hypothesis of the Study

1.  $H_{01}$ : There is no significant impact of availability of products offered on the success of E-marketing companies in India.
2.  $H_{02}$ : There is no significant impact of quality of products offered on the success of E-marketing companies in India.
3.  $H_{03}$ : There is no significant impact of range of products offered on the success of E-marketing companies in India.

### IV. RESEARCH METHODOLOGY

In the present study, a survey was conducted with the help of a structured questionnaire in order to obtain information about the marketing strategies of E- marketing companies



in India and their impact on the latter’s success. The study was conducted in Bhopal city in the month of March, 2019 with a sample size of 100 adapting simple random convenience sampling as sampling tool. The responses from the respondents were analyzed using the simple percentage analysis, reliability analysis and ANOVA.

### Data Analysis and Interpretation

#### Age wise Analysis of the Respondents

Age (in years)	No. of Respondents	%
Below 25	13	13.0
25-35	40	40.0
35-45	37	37.0
Above 45	10	10.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

#### Gender wise Analysis of the Respondents

Gender	No. of Respondents	%
Male	63	63.0
Female	37	37.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

#### Occupation wise Analysis of the Respondents

Occupation	No. of Respondents	%
Govt. Employee	32	32.0
Businessman	27	27.0
Professionals	22	22.0
Others	19	19.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

#### Respondents on availability of products offered by E-marketing companies in India

Name of Company	No. of Respondents	%
Amazon	28	28.0
Flip kart	25	25.0
Shop Clues	25	25.0
Others	22	22.0

Total	100	100.0
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#### Respondents on quality of products offered by E-marketing companies in India

Name of Company	No. of Respondents	%
Amazon	36	36.0
Flip kart	32	32.0
Shop Clues	11	11.0
Others	21	21.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

#### Respondents on Range of products offered by E-marketing companies in India

Name of Company	No. of Respondents	%
Amazon	34	34.0
Flip kart	30	30.0
Shop Clues	27	27.0
Others	9	9.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

### V. FINDINGS

1. One- way ANOVA was carried out to check the marketing strategies of companies in terms of availability of the products offered to the customers. From the above mentioned table, it is clear that calculated value of F 3.082 is lower than the tabulated value at 5% level of significance and null hypothesis stands rejected. Hence, the hypothesis is significant at 5% level. It refers that regarding the availability of the products to customers, it has been found that in this context the marketing strategies of companies are satisfactory.
2. One- way ANOVA was carried out to check the marketing strategies of companies in terms of quality of the products offered to the customers. From the above mentioned table, it is clear that calculated value of F 2.429 is lower than the tabulated value at 5% level of significance and null hypothesis stands accepted. Hence, the hypothesis is not significant at 5% level. It refers that regarding the quality of the products to customers, it has been found that in this context the marketing strategies of companies are not satisfactory.
3. One- way ANOVA was carried out to check the marketing strategies of companies in terms of range of the products offered to the customers. From the above mentioned table, it is clear that calculated value of F 4.910 is higher than the tabulated value at 5% level of significance and null hypothesis stands rejected. Hence, the hypothesis is significant at 5% level. It refers that regarding the range in products, it has been

found that in this context the marketing strategies of companies are satisfactory.

## VI. CONCLUSION

The study examines the effectiveness of marketing strategies of E- Marketing companies in India. The result of the study reveals that in terms of Indian digi market, companies are proving effective in availability of the product offered to the customers and range of the products offered to the customers. On the contrary, the companies needs to work on the quality of the products offered to the customers. If any company is looking forward to grow in the Indian landscape, they need to deliver even the quality to this enormously populated country.

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# Dynamic Changes in Business Archetype; a study on impact of technology invasion and evolving management practices in India

Dr. Dilpreet Sahni

**Abstract** - Trade and Commerce owes its significance to a great extent to the advent of civilization. With the advancement of society, agriculture, economic & political system, transport & communication, banking system and more; forms of trade, commerce and business have *evolved from barter system to trading through online platforms*. The level of development in an economy and living standards of people are linked to the state of commerce of the particular country. Business and trade is carried on for mundane economic reasons, but this has comprehensive effects for all stakeholders be in national or global arena. The ways of doing business have undergone fundamental changes during the last decades or so. The *'mode of business,'* lately is associated with the prefix *'emerging'* which underlines the fact, that business models have changed or are changing and these changes & trends are likely to continue. *The producers selling and consumers buying experiences are observing a drastic change*. The generally accepted nine pillars of a business model namely Customer Segments, Value Propositions, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships, Cost Structure have undergone a radical change. Key dynamic influences that are changing the *business archetype* are Digitisation, Outsourcing and Inter - Nationalisation and Globalisation. The paper attempts to explore changing Business models on account of technology invasion and evolving management practices by business men.

**Keywords:** *Business Models, Technology Invasion, Management Practices*

## I. INTRODUCTION

We see evidence of Trade and Commerce since people started living in groups and the civilization happened. With the advancement of society, agriculture, economic & political system, transport & communication, banking system and more; forms of trade, commerce and business have evolved from barter system to trading through online platforms. In ancient India there was the concept of weekly HAAT, where buyers and sellers collected for trade, which evolved into modern retail. Between these two concepts there existed the 'Baniya Ki Dukan', which is still predominating at some places.

A business unit is an intermediary in the chain of manufacturing to the final consumption of a good or a service, thus it creates value for the customers for the value in return to their own favour. A Business Model describes the structure, content, governance and transactions undertaken to create value by exploiting opportunities of business. (Amit and Zott 2001)<sup>1</sup>.

Business models have been integral to trading and economic behaviour since pre-classical times, it is a source of competitive advantage, which meets particular customer needs, most is non-imitable (Teece, 2010<sup>2</sup>), the ideology of

business model became widespread with the advent of internet and then came a flood of technological changes which changed the way business was being carried out for decades. A business model is not same as strategy, which at times is used interchangeably. The generally accepted nine pillars of a business model have undergone a radical change. The impact of technology and the way it has changed the work and organisations eventually are transforming the very foundations of global business namely cloud and mobile computing, sensors and intelligent manufacturing, big data and machine learning, clean-energy technologies and advanced robotics and drones. The challenge lies in evolving sound management practise to take advantages of these changes like leadership, HR management, business competitive strategies etc. management practices from goods being exchanged for goods where no money was involved to coin& currency to cash & credit to plastic money and now bit coins. The working capital management practices have changed a lot. Use of social media to promote & advertise product as compared to hoardings and physical ads have undergone a major change.

## II. LITERATURE REVIEW

Raju G. & Parminder S. (2018)<sup>3</sup> the changing retail environment particularly in India compels the firms to rethink on the business plan else they will fail to delivery to customers. Business & management practices should address the challenges on supply chain management, logistics, suppliers, human resources and changing customer's needs. Customer value proposition identification and customer experience needs to be catered along with inventory management. Further business models needs to be attuned to population living in rural areas especially in India as two third of the population living in the rural areas

Choudhary (2013)<sup>4</sup> the paper revolves around the dynamic changes in customers buying methods as opposed to traditional way of purchasing from markets and specific shops. The super bazaars, hyper malls Malls have changed the lifestyle of shoppers and have contributed a lot for the product development where a customer can find a pin and even a pyramid.

Andre(2013)<sup>5</sup> the companies use the new technology to extend their existing business models, and that the technology platform potentially represents the creation of a new business model and enabling them to manage innovation either by revising, creating, extending or terminating the business model. Further the perspective makes it easier to develop strategic initiatives while managing innovation.

Wayne F. & Ramiro M(2016)<sup>6</sup> the impact of technology and the way it has changed the work and organisations eventually are transforming the very foundations of global business namely cloud and mobile computing, sensors and intelligent manufacturing, big data and machine learning, clean-energy technologies and advanced robotics and drones. The challenge lies in evolving sound management practise to take advantages of these changes like leadership, HR management, business competitive strategies etc.

## III. OBJECTIVES OF THE STUDY

To understand the dynamic changes in the business archetype i.e. business models then and now.

To explore the role of technology invasion to bring about such changes and evolving management practices.

## IV. RESEARCH METHODOLOGY

The paper is an exploratory study based on changes in Business models on account of technology invasion and evolving management practices by business men. The study is based on secondary data which is collected from various research papers, gazetted websites, and various reports

## V. DISCUSSION

### V.1-Business- The Traditional Way

India markets were pre-dominantly controlled by traditional and un-organized retail formats. These formats have emerged and developed in alignment with population growth, locality (rural, semi urban and urban area), needs of people, technology, education & awareness, distribution channel, income etc. To list a few characteristics-(i) these store formats were traditional and did not enjoy professionalism. (ii) A large number of these stores were family business involving more than one generation. (iii) These retailers use to develop a goodwill and rapport among customers and at times called him "Dukan Wala bhैया "(iv) In certain cases the household bought goods and the shopkeeper maintained an account of credit. (v) Advertisement requirements were not required or were minimum. The business model that time was simple, imitable and common amongst many.<sup>7</sup>

As technology advanced various new and improved formats of like supermarket, hypermarket, departmental stores, Discount stores, Convenient stores and even up-market speciality stores came up on improvising the traditionally followed business models and highlighted the pillars of a business model namely Customer Segments, Value Propositions, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships, Cost Structure.

In India up till 1980s, due to high taxes, it was essential for the Indian business owners to be on roll, draw salary, perks and other facilities. Post liberalisation business scenario changed bringing opportunities for trade and industry. In contemporary environment it is being felt that the next generation is not well skilled to take up the business throne.<sup>8</sup>

At large four types of family business have existed in Asian countries and India has witnessed them also. Each model has special governance skills and peculiar& perennial resources which make them stand apart. (i)Simple business, simple family-In this model the successor's role is clear and unchallenged, siblings do not get involved, and the family's commitment and heritage contribute to the firm's success. The responsibility lies on one persons shoulder. Such business are much focused and with a concerted family structure. Restricted family members involved, they do not need complex governance systems for either the business or the family. The business is not very diversified or complex. (ii). Simple business, complex family- simple business type with many family members involved in ownership or management. Contribution to work and benefits may not be equilibrium. A constitution set by family pronounces values, expectations (iii) Complex business, simple family- such business requires managerial talent to run it as the business

is already mature. Since few family members are involved the need is of merit-based leader to professionalise as it cannot depend of scarce family talent. (iv) Complex business, complex family-Managing firms where both the business and family are complex require a significant investment in governance systems. A continuous focus on involving new generations of the family, grooming entrepreneurship and managerial talent, as well as family bonding is required.<sup>9</sup>

## V.2-Modern; Emerging Business Archetypes

Gone are the days where business meant earning profit by directly selling a product or service for a price more than it costs, *All Based On Rule Profit= SP-CP*. Organised retail business model has taken up manifolds in last few years primarily due to technology, changing pattern of consumer behaviour, increased consumer awareness, rising income, increasing purchasing power credit, impetus by government policy initiatives etc

In India, the Global Emerging Middle ( term to denote middle class in emerging economies) is expected to cross the 1 trillion USD threshold by 2021 as its ranks swell to 570 million, from 470 million in 2010. The companies are focusing on innovative business models and processes to overcome institutional weakness and gap in everything from credit systems to supply chain. Firms and companies are collaborating with key partners in unorganised or informal economy to create an ecosystem that supports business model. Technology is the key but other offline support is also important. This would lead to sustained profitability.<sup>11</sup>

Let's take a look at some of the business models that have revolutionized the digital economy and address certain crucial elements that leads to the success of each such model.<sup>12, 13</sup>

(i) Online selling using e-commerce platforms like Flipkart, Amazon ShopClues, Shopify, BigCommerce and more have changed the selling and buying experience. The apps can be operated on mobiles also. There is convenience of ordering, receiving, time saving, payment and more. (ii). Freemium-Combination of the words 'free' and 'premium', freemium is quite a famous business model. The company offers a basic version of the product for free and charges for the premium version, LinkedIn for example. (iii). Product-as-a-service model (PaaS)-It is typically a capital-intensive, low profit margin business and cost optimization is crucial to success. Zipcar is a classic example of this model. The bottom-line for this model is to strive to improve on the value delivered while reducing the cost structures to maximize the profit margin. (iv)3. Multi-sided platform model (MSP)-Commonly referred to marketplace or platform model, this model facilitates

direct/indirect interaction between two or more parties where all parties are affiliated to the platform. As in the case of Airbnb, the company connects property owners (in the broader sense) with people looking to rent properties on a short-term basis. (v)Subscription model-It is a relatively common business model that we can see in everyday life, from newspapers to gym subscription. The company provides product or service and charges the customer on a monthly, quarterly or annual basis. Netflix is the one of the best examples employing this model. (vi) SaaS model Software-as-a-Service is often mistaken for the subscription-based business model. A lot of SaaS companies have a subscription-based revenue generation/payment model, for the customer; need not worry about the infrastructure required to run the software. It is the responsibility of the vendor to provide resources such as security features, servers, etc and for the company Unlike other subscription services where a product is made specifically for a customer, SaaS products are not made specifically for one customer and do not require extensive customization thus offering a high profit margin for the companies. (vii). Time-sharing business model- As the title suggests, in this model the customers buy the "right-to-use" a property in advance for a certain amount of time shared with other owners. For example, a vacation home can be shared by 50 individuals, each earning the right-to-use for one week a year. (viii) Community model-The Company builds a community around a shared interest, passion or profession. The revenue structure is created by selling products/ services that is intended to create value for the community. (ix). Crowd sourcing model-The model is run using the crowd as a catalyst for a core business function such as product development, innovation, sales, etc. Threadless, which has been the poster child for the crowd sourcing business model, is an online T-shirt company that crowd sources design. Anybody can submit a design. The crowd then scores it, and the best designs are sent to production and marketed. The winner of the design gets cash prize and as the company puts it

Certain testimony of such innovative models in India

### StalkBuyLove – The supply chain tech fashion company.

Tushar Ahluwalia, Cofounder of StalkBuyLove talk about his organisation- "The concept here is really supply chain. I don't define StalkBuyLove as an ecommerce company, we just happen to sell fashion on an online channel. But really the magic happens in the supply chain and it affects a lot of things – business operation, product quality, inventory allocations, and our margins. We try to rotate our inventory super, super fast, We do this by fulfilling orders 'just in time'"

### **AgroStar - The mobile commerce (mcommerce) space dedicated to credit deprived farmers.**

Shardul Sheth, Promoter and Director of AgroStar talks about his organisation- “We wanted to change how the farmer buys some of the most important products they need in turn to grow good quality produce. Rather than the farmer going to the nearest retailer to buy the products they need, we wanted to make these products available to them at their door step. The challenge at that point was they didn’t have any type of credit or stock to borrow from our website. That’s how we came up with the idea to build mcommerce over a missed call.”

### **Flyrobe – The rental business that yield higher profits than retailing.**

Shreya Mishra, Cofounder of Flyrobe said, “Globally there are several rental companies some out of the US and in the fashion space that have hundreds of millions of dollars in revenue. They have been inventory led. They will buy stocks from designers and brands then rent it out. It’s good for profits but requires massive working capital to be able to function. For us the biggest motivation was that we did not want to have a lot of our capital locked in inventory. So we used a different route. We have about 100 designers on Flyrobe and most of them are on a market place model.”

### **LifCare – The healthtech company that sells medicine online to digital immigrants**

Karan Killa, Cofounder of LifCare said, “Since we largely cater to individuals over the age of 40, the chances of our customers going online to order their medical prescription are very low. So for us, it was important to be present across different channels. Then over time we can use that technology to convert these people on to more tech driven platforms.

### **V.3-Technology and Environment Shaping Trade and Commerce**

The ideology of business model has been evolving but the business dynamics aren’t. The East India Trading Company, Henry Ford and more had good business models, whether they were called business models or not. Earlier business men have asked themselves two key questions viz. - is this unique concept? And will I be able to make money on selling it? If the answer was yes, they moved ahead but with technology invasion and changing environment this is not enough.

Government policy initiatives to boost start-up has now gathered tempo and will disrupt the traditional business models. This has become evident with the likes of cab aggregators, e-commerce firms and various innovative business models.<sup>15</sup>

Technological changes which have changed the trade and commerce scenario are<sup>16, 17</sup>(i) **Mobile Solutions** for business men and customers-Search engines like Google has revamped it’s algorithms once again to prioritize websites that make seamless mobile web browsing easier. Every aspect of the business can be handled from remote locations if the smart device or tablet is loaded with the correct software. Customers are using mobile devices to buy, sell, shop, find local businesses, and share their retail experiences with friends, acquaintances, prospects, and Facebook strangers every day. (ii). Cloud Computing via Internet connectivity allows businesses to move some of their operation to third-party servers. This enables rapid (on-demand) expansion and mobility without the fear of downtime, crashes, or permanently lost data and allow for variable data package. (iii) Extreme Customer Segmentation-With the flow of more and more data; it’s easier now than ever before to understand the customers you’re looking for. With analytics services expanding you can segment your prospects into ever more minute groups in order to target them. (iv) Connectivity Technology has also increased the ease with which we can all stay in touch through text, video chat etc within the office and with external environment.(v) Decreasing Cost/Increasing Functionality-Two things have come together to create a “buyer’s market” when it comes to software solutions of the business. (vi)Changing Consumer Base-The young generation are becoming the primary driving force behind business, the economy, and the world, really. They have a looser hold on their wallets, and desire to live in the moment. This generation has felt technology since their birth. (vii) Social Impact-The rise of social networking has figuratively shrunk the world and now users can connect without regard to geographical obstacle, financial background, or even social status. Now days we see businesses large and small worried about their digital footprint, their social identity. (viii) Better targeting- it’s now easier than ever to segment your customer groups and figure out how to target specific ones more adequately. Targeted marketing is no longer a guessing game, and in fact, you should be able to see some very predictable results with relatively little effort if you use the right kind of technology. (ix)Better results at lower cost-Thanks to various technological advancements, business no longer have to invest huge sums of money to see relatively underwhelming results.

### **V.4-Evolving Management Practices**

This is not to say that managers today should be doing exactly the same things they did years ago. When the purposes, processes, and technologies of work change, the need to make *some* change in how we manage. But these changes should be to management’s tactics, not its basic function.<sup>18</sup>

The professional orientation and incorporation of various technology-enabled software's has offered these the business units to have better customer relationship management, merchandise offering, store atmosphere and inventory management etc. has urged business units to adapt technology to sustain and grow. Even a kirana shop now days take orders on phone, gives home delivery etc,

Family-Run Businesses Are Transitioning to External Leadership probable due to increased complexity of business operations in today's frenetic business environment, stepping of promoters, competition & viability, Industry promotes innovation, Globalization, Increased complexity of operations, Attracting talent, Succession issues, Lack of adequate leaders. The decision can be challenging to bring aboard an external professional on account of high degree of distrust, fear of losing control by owners, culture to make the new person fit, expectations etc. Irrespective of these obstacles the benefits can be wide reaching This ought to bring change in the business model being adopted by the family run business for ages eventually bringing about change in management practices. Leadership and mentoring which was not earlier followed as the successor stepped in fathers shoes and blindly followed the way. On account of competition

## VI. CONCLUSION

Technology is developing, transforming and adapting at an exponential rate. It is wave; business units can either ride it or get wiped out. The tool which can come to their rescue is altering the business model they had been following. Social media is striving to integrate with consumerism; mobiles are no longer being carried for casual reasons rather for business & work, birth of APPs for services, marketing etc are disrupting the tradition business. The challenge lies in adapting to such changes for positive & productive reasons. Managerial effectiveness today (and earlier) needs to focus on its mission & vision, making the work suitable & productive for human beings and taking responsibility for the social impact of organisation; as aptly said by Drucker.

Those businesses that embrace digital transformation can reap benefit; it helps to look at the changes in business models currently in process. For instance A focus on outcome-based models ,Expansion into new industries and markets ,Pervasive digitization of products and services ,Ecosystem competition ,Access a shared economy ,Realize value from digital platforms.

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# The Impact of Training on Performance of Nurses of Private Hospitals in Bhopal

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**Abstract** - Indian Medical services are making impossible into hope; it is being one of the prime service sectors.

An organization will not make any progress without well trained, an efficient and adequately motivated workforce. Human Resource Management activities like Training, Compensation, Recruitment and Selection and Performance Appraisal are found a positive relationship to performance.

The purpose of this paper is to investigate factors influencing performance of nurses in private hospitals of Bhopal. Specific objective is to estimate whether Training programs influenced performance of nurses or not.

The investigation was done by an interview with 70 nurses of private hospitals and the results show that there is a significant impact on performance when workforce is getting training in the private hospitals of Bhopal.

**Key Words:** Training, Employees Performance, Private hospitals, Job satisfaction, Nurses

## I. INTRODUCTION

The economic development cannot be accomplished in developing or backward countries unless they have well educated highly motivated and properly trained, developed employees'. As well an organization cannot make any progress unless it has a well-trained, an efficient and adequately motivated team of manpower. The success or failure of an organization depends on the people who boost the organization for effective functioning of any organization human resource is considered as one of the key elements. When task, structure and technology are available, it is the human resource which makes a complete circle of production. Human resources exploit the potential of all other available resources and are treated as highly critical and significant in contributions relating to effective organizational performance.

Human resource management activities such as training, employee participation, compensation, assignment of workers through a recruiting and selection process and internal labor market are found to have a positive relationship to performance. Human resource management activities can influence the organization's performance by direct means through improvement of employee's skills and quality and by indirect means the increase the employee motivation.

The human resource development mostly depends on the progress and quality of hospital management. Hence, the existence of quality hospital management is an immensely

important for the overall development of a state. But in case of Bhopal district it is seen that, quality of health care service provided by the government hospitals are very poor. On the other hand the health care service rendered by private hospitals are to some extent far better than government hospital but where there is a question of heavy expenditure which is not possible for middle and low class people. So, overall health care sector in Bhopal district is not at all satisfactory to treat as a powerful tool for human resource development. So, it is considered that keeping in view developing the health care sector in the greater interest of human resource development. The hospital management system should be upgraded. Hence the discussion of human resource practices in private hospital is found to be needed.

## II. REVIEW OF LITERATURE

The literature is describing the merits of training and its positive influence on employee performance & development areas. There has been many studies conducted on this subject. HRM activities are considered as a gift in the eyes of employees and training is one of them (Mahbuba Sultana, 2013) [11].

According to Chris Obisi (2011) [6], in their paper 'employee training and development in Nigerian organization' describe the importance of training program and their evaluation process said that the organization should properly evaluate their training program by seeing that their organization objectives and missions are

achieved or not and training cannot only change the ability of workforce not only concerning performing their current job but also aid them in the fulfillment of future expected task so for this reason it's a practice that cannot be discarded from an organizations.

While Abdul Hameed (2011) [4], in their research paper related to employee performance and development said that employee is the major element of every firm and their success and failure mainly based on their performance. The above explained literature is describing the merits of training and its positive influence on employee performance. If there is a proper planning for making the training procedures then it will be fruitful for both the employee and for the organization as well

Raja Abdul Ghafoor et al (2011) [15], showed in their study that there is a positive correlation between the two variables training & employee performance areas. Also, as per the conclusion results of Afshan Sultana et al (2012) [2] which was investigated in the telecom sector of Pakistan resulted in R square of 0.501 meaning that 50.1% of change in the employee performance can only be achieved by proper training sessions. With T-value of 8.58 explaining that training is a good explanatory variable to the employee performance.

While Rohan Singh, Madhumita Mohanty (2012) [14], found in their research that training is an important tool for the purpose of enhancing the employess' performance and it'll ultimately increase the worth of an organization but organization ought to be balance amongst training worth and training disbursement. The end results revealed that in diverse industry the effect of training are varied.

#### Relevance and Importance of the Study:

This study will provide guidelines for private hospitals for,

- Effective utilization of human resources.
- Desirable working relationship among all employees.
- Maximum employee development.
- High morale in the organization.
- Continuous development and appreciation of human assets

#### Objectives of the Study:

1. To investigate the Human Resource Management Process and Practices in Private hospitals of Bhopal.
2. To examine existing policies and procedure of recruitment, selection, and promotion of nurses in the private hospitals of Bhopal district.

3. To evaluate the training and development programs adopted for the staff in the private hospitals.
4. To study the physical standards that exists in the private hospitals in the context of Bhopal district.
5. To suggest some remedial measures as may be appropriate

#### Statement of Hypothesis

In order to examine the above objectives the following hypothesis has been formulated and same is tested in this research.

1. There is lack of clear policy and planning for human resource management in the private hospitals in Bhopal district.
2. The selection and promotion of nurses is influenced by religious, economic factors in private hospitals.
3. The need-based training to the nurses in different private hospitals is not given and therefore training procedure is ineffective.
4. Physical standards in selected private hospitals are not up to the mark.

### III. RESEARCH METHODOLOGY

The present study is unique in many respects. The concept of human resource management in private hospitals in the Indian context is gaining some attention now days. However, it continues to be an unexplored terrain of enquiry. This is an early effort to understand human resource relation and management in the private hospital and its many dimensions an exploratory study. In order to fulfillment the above objectives of the study; basically the interview method was adopted. Bhopal District was carried out by visiting the private hospitals. The data was collected by interview schedules with the hospital nurses.

**Primary Data:** Primary Data is collected through interview of the nurses of private hospitals in Bhopal District. Discussion and observation method was also adopted in the present study.

**Secondary Data:** The secondary data necessary for this investigation is collected from several sources. A review of literature on human resource management and theoretical conceptual data is done by secondary source from different libraries. Various journals, magazines, websites related to study is reviewed.

#### Classes of Respondents to be contacted

The respondents are hospital nurses.

### IV. FINDING OF THE STUDY

The important findings of the study are listed below:

1. 19 (27.14%) respondents were having experience of less than 5 years.
2. 47 (67.14%) respondents stated that the hospital management is conducting formal
3. and systematic recruitment programme in their hospitals.
4. Only 29 (41.43%) hospitals were providing on job training to hospital staff
5. 12 (17.14%) hospitals were considered patient's satisfaction as the measures of effectiveness of training.
6. 23 (32.86%) respondents were strongly agreed with the statement that Trainees are selected on the basis of their education and experience.
7. 55 (78.57%) respondents were aware about History, Vision, Mission, Objective and Organization Culture of hospital.

## V. CONCLUSION

The present study examined the influence of training on performance of nurses. It further presents that organizational performance is significantly determined by training imparted to the employees or in other words training is an important antecedent of performance. Performance of an organization relies on the employee commitment which in turn depends on the HR policy of training and development. The study of relationship of the employees' training with performance is important for today's employees' because the modern private hospitals trends demands more efficiency, accuracy and effectiveness in less time and cost and this can be achieved only through design, development and deployment of excellent training programs to the employees.

This study also reveals that socio-demographic characteristics of nurses found to be significantly associated. The management of the private hospitals should develop strategies for training programs for improving the nurses performance, so that, nurses will be able to perform better care for their patients. This research provides an initial step in understanding the working condition of nurses in private hospitals.

Based on the study of the private hospitals in Bhopal the following conclusions can be drawn:

1. Training practices must be developed in order to find the appropriate balance of workforce supply and the ability of those practitioners to practice effectively and efficiently.
2. HR policy is important for all health care facilities as it is the guiding document for Human Resource Management.

3. The availability of qualified and trained nurses in a hospital is an important standard of Healthcare centers.
4. The implementation of service quality as reflected on the tangibility, responsiveness, assurance, and empathy for patients' needs is able to improve the performance of hospitals.

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# Challenges of Management in India News Paper Business (with reference to Daily Hindi News Paper)

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**Abstract:** Print media is a standout amongst the most dominant and savvy media to exchange data and information. The print media industry in India is over extremely old. Additionally, it is a settled industry. This industry for the most part contains distributing papers and magazines. India has the second biggest populace and one of the quickest developing economies on the planet. Papers have appeared soak decrease available for use and promoting income in the west. Internet publicizing is removing most of promoting income from print media. Expanding printing costs likewise a noteworthy worry for the decay of benefits of papers. This paper will feature the execution and difficulties of every day challenges of Hindi papers in India. It will likewise feature the effect of innovation of every day Hindi papers in India. The decrease of print and development of online in the US and different pieces of Europe is totally not the same as rising nations like Brazil and India.

**Keywords:** *Print media, newspapers and magazines, Online advertising, challenges of daily Hindi newspapers.*

## I. INTRODUCTION

“A good newspaper, I suppose, is a nation talking to it”

**Arthur Miller**

The decrease of papers has been generally discussed, as the business has confronted drooping advertisement deals, the loss of much-arranged publicizing and abrupt drops available for use. As of late the number of papers slated for a conclusion, or serious reductions has risen, particularly in the United States, where the business has shed a fifth of its columnists since 2001. Income has dove while rivalry from Internet media has pressed more established print distributors.

A once-dangerous development in paper Web incomes has leveled off; hindering what the business trusted would turn into a critical wellspring of income. One issue is whether the paper business is in a repetitive trough and will recoup, or whether new innovation has rendered papers out of date in their conventional organization. To endure, papers are thinking about joining and different choices, in spite of the fact that the result of such associations has been condemned. Regardless of these issues, paper organizations with huge brand esteem and which have distributed their work online have had a critical ascent in viewership.

Regardless of the solid development of computerized media in India, the customary configurations of TV print still record for the biggest segment of all-out media advertisement consumptions. eMarketer's as of late refreshed gauges gauge TV promotion spending will

represent 39.3% of all-out media advertisement costs this year, with papers making up 33.9%.

New promotion income figures from KPMG and the Federation of Indian Chambers of Commerce (FICCI) generally line up with those appraisals. Research from the two elements found that print promoting produced INR 201.3 billion (\$3.0 billion) in incomes in 2016, while the TV was in charge of INR 201.2 billion (\$3.0 billion).

India remains fairly strange in that print incomes keeps on developing, with papers explicitly as yet filling in as a powerful manner for sponsors to contact a huge group of onlookers. The examination from KPMG/FICCI found that papers created INR289.9 billion (\$4.3 billion) in generally incomes—including promoting and dissemination—in 2016, while magazine incomes declined, hitting INR13.4 billion (\$199.5 million) a year ago.

KPMG/FICCI revealed that paper development was truly originating from papers distributed in Hindi and in other nearby dialects and tongues—for the most part, alluded to all in all as "vernacular" papers. As indicated by the examination, advertisement incomes for English-language papers became 3.5% in 2016, contrasted and 7.1% for Hindi-language papers and 8.7% for those in local dialects. English is actually just common in India's biggest urban areas, leaving perusers in littler urban areas and country zones with a hunger for substance in their nearby dialects.

Dissimilar to in business sectors with an increasingly created advanced environment, paper income streams in India have not yet confronted a genuine test from computerized content channels. Be that as it may, the

ascent of advanced is inescapable. eMarketer gauges the yearly development rate in the quantity of cell phone clients in India will stay in twofold digits through 2019, plunging to 9.8% in 2020. By at that point, 28.8% of the nation's complete populace is relied upon to claim and utilize a cell phone at any rate once every month.

KPMG/FICCI found that the proceeded with the reception of web-empowered gadgets (for the most part cell phones), just as the falling cost of 4G information in an inexorably focused portable administration showcase, has left paper distributors justifiably stressed over the risk advanced media will definitely present to their main concerns.

A paper is a production imprinted on paper and issued intermittently, generally every day or week by week. It is utilized to pass on data and feeling about recent developments and news. One can purchase a paper at a store or at a magazine kiosk. Likewise, papers can be conveyed to one's home, on the off chance that one buys into it.

India has a growing and constantly changing newspaper market, with daily circulation up from 150 million in 2002 rising to 264 million in 2014; it is expected to continue to rise in the coming years. However, the newspaper industry in India hasn't always enjoyed increasing readership. India's newspaper industry has faced restrictions because of state censorship, a lack of investment and the challenge of language were all barriers faced by the industry.

The years somewhere in the range of 1991 and 2006 had a place with the TV and Internet in India and this changed the propensities for the country, seeing the nation's populace hungry for more media decisions.

The fast development of the Internet was joined by a paper upheaval. Development in innovation and the bringing in of new printing hardware implied that it was winding up economically practical for papers to be imprinted in an assortment of provincial dialects instead of prevalently either in Hindi or English.

The accessibility of papers in various dialects has implied that India's paper showcase offers to a huge number of non-English speakers. It is anticipated that by 2017, the incomes for non-English papers will surpass that of English papers surprisingly.

Expanding proficiency rates crosswise over India has driven the restriction of papers, made conceivable by the adjustments in printing innovation. The expanding education rates in country zones of India have seen the interest in papers develop, and frequently, the best increment available for use of papers has been in territories with expanding proficiency as opposed to expanding financial power. By perusing a paper people, who had been recently denied, have been allowed a chance to be associated with metro and political interest. Kerala is one such precedent. All through the twentieth century, this was

a region with the absolute most elevated proficiency rates in India. There was likewise a solid feeling of political contribution among the general population, and the paper readership per 1000 was well over the national normal for India, yet the normal salary for Kerala was underneath the Indian national normal. This demonstrates as opposed to papers being an indication of the tip top, they are currently observed as a mass medium, and a route for Indian residents partaking in national issues.

Endorsing the restriction of India's papers is media publicizing, which has developed nearby paper flows. The development of media promoting implied that Indian papers started to get venture, and this made the decentralization of news conceivable. Indian media buyers were first focused by motivations by means of TV in the mid 1990s, however this before long spread to print media, when it was found how rewarding motivators and presents for perusers could be. Motivators are frequently offered so as to expand flow. The Dainik Bhaskar, a standout amongst the most famous papers in India, burned through 15 million rupees to entice paper endorsers with a plastic seat in Chhattisgarh. Maybe the main motivation why papers crosswise over India have kept on expanding their course is because of the political commitment that they permit.

## II. SURVEY OF LITERATURE

Burglarize Kitchin and Duncan Fuller (2005) are of the view that paper language is a lot nearer to the verbally expressed word that is the same old thing or scholastic language, a pattern exacerbated as of late by the ascent in the scattering of news by live commentators/supporters. Generally or maybe that should be, so, this implies cleansing one's duplicate of words which sound hypercritical and expressive, which have flawlessly great counterparts in common discourse.

Rath David (2007) made a point by point examine in Indian situation of Newspapers, where is brilliant, fueled by remote financial specialists who trust Indians need more TV stations, motion pictures and papers, India's media and media outlet incomes developed 20% a year ago and they're on track to dramatically increase to \$22.5 billion by 2011, as indicated by another examination. Rising salaries and shopper spending filled by the nation's powerful financial development will join with extended data conveyance alternatives over cell phones and the web to drive a blast that will profit all portions of the business, from home video to radio to papers, as indicated by a conjecture by PricewaterhouseCoopers. The examination, which extends that media industry development will beat the general economy every year till 2011, was dispatched by the Federation of Indian Chambers of Commerce and Industry. As opposed to Western markets, print media is the most loved section for worldwide speculators, as indicated by PricewaterhouseCoopers. India is one of only

a handful couple of business sectors on the planet where paper deals are developing quickly.

VanithKohki– Khandekar (2008) remarked that old style, set up broad communications organizations are at last associating with gatherings of people, practically. They might do it for some reasons — in light of the fact that sponsors are requesting it or on the grounds that the Net is eating incomes or in light of the fact that speculators offer a superior valuation for an Internet brand. Regardless, one thing is clear — the Internet is turning into a noteworthy supporter of current incomes and a key piece of development plans. The outcome is a humming Rs 42,000-crore media and stimulation business. As the enormous young men get into the demonstration, the officeholders — Rediff.com, Yahoo!, Google — are responding. Not long ago, Bangalore-based Yahoo! India tied up with Jagran Prakashan of Kanpur, which distributes the Hindi day by day, Dainik Jagran. The couple will dispatch a co-marked Hindi gateway (read a repaired Jagran.com) by mid-2007. Sit tight for a greater amount of such declarations. As old and new media ponder unusual gatherings of people and requesting sponsors, they will locate the going simpler in the event that they clasp hands. Most old media organizations realize that they are putting resources into the Internet somewhat early. Be that as it may, dissimilar to 10 years prior when they quickly showed up and after that pulled back with the accident in 2000, this time they guarantee to be in it for the long haul. And every one of them appears to have discovered ways around India's Internet issues — awful access, no measurements, and so on. Until further notice, however, it appears as though the TV and film organizations are greater at the amusement than print organizations, with the noteworthy special case of India's biggest media organization. Before the finish of July 2007, the Mumbai-based Bennett, Coleman, and Co. (BCCL) ought to get around 10-15 percent of its assessed Rs 3,000-odd-crore in incomes from its entries — India times, timesjobs and others

### III. THE ECONOMICS

The cost of making a paper or magazine depends upon the number of pages, the level of shading used, the nature of paper, dispersal and the dimension of contention in the market among a couple of parts. These could change from year to year. The regular cost heads are Production/printing, person's costs, advancing costs, and spread expenses.

**Creation/Printing:** These are variable costs which waver with the level of the print run. Newsprint shapes 50-60 percent of the age cost, and its costs impact wherever between \$400 to 1000 for each ton, subordinate upon interest. The more the amount of duplicates printed, the more cash is lost except for if each ricochet open for use

gets an advancement publicizing compensations that are more than or similar to, the ascending in printing costs.

Usually, publicizing wages have supported the certified expense of papers for examines. As shown by one spread, a paper costs between Rs.15 to Rs.20 to make anyway it offers from Rs.1 to Rs.5. Acknowledge that it offers for Rs.1 to Rs.2.50 like most Hindi dailies that would take Rs.0.60 to Rs.1.50 back to the distributor's kitty in the wake of taking out trade commission. In the years that the commercial spends on print was growing bit by bit, there was no helper to place assets into the stream for it would eat into advantages. Many driving papers and magazine associations deliberately top dispersal. It is typical for disseminating associations to drop all through ABC (Audit Bureau of Circulation) in the years when newsprint costs are high. Those are the years they don't spend on growing dispersal.

**Individuals Costs:** What remain basically fixed are staff costs and particular overheads. Generally, individuals cost to move between 12-20 percent of profit contingent on whether it is Hindi or an Indian language course. Over the range recently years, all things considered, as more brands have been incited and the challenge has reached out, there has been the insufficiency of individuals in the business. In this way, an individual's costs have gone up by around 2-4 times what they were in 2006.

**Advancing Costs:** This is another fundamental in the time of different structures and mixed media rivalry. Toward off contenders inside print and from TV, radio or other media, it is sincere that a brand makes its own stand-out character.

**Movement costs:** This joins trade edges and the cost of benefits or 'unsold'. The dealer who assembles the money from scrutinizes' homes, generally, pays the compensation rates of the line young fellows. The seller, in this way, makes anything between 18-25 percent on the spread expense of the paper. The commission could move as demonstrated by the circulation, the region, the city and the principles there. It could be basically higher if the paper or magazine isn't an ABC part and thusly not open to its standards.

#### Incomes

Incomes originate from flow, publicizing, memberships, brand expansions and web/portable/applications.

**Flow:** This is acquired from the spread or retail cost of a magazine or a paper in the wake of deducting exchange edges and the expense of unsold duplicates. The proportion could change contingent upon various things-flow, language, cost, and recurrence.

**Promoting:** About 80 percent of a distribution's incomes originate from publicizing and the rest from dissemination. This again could shift by language, recurrence, value, the

market it addresses, etc. The most ideal approach to take a gander at advertisement development is to take a gander at both promoting rates and volumes.

**Memberships:** Inspired by distributions like Reader's Digest magazines like India Today or Femina propelled prominent membership's plans. Prior, these were treated as an income stream. The truth of the matter is that most membership plans are financed with unconditional presents. While they do get money they likewise include a colossal expense, or more duplicates to be printed, transported just as the expense of showcasing the membership offer. Along these lines, membership plans are extremely about purchasing flow except if the magazine is really making a benefit on each extra duplicate sold to the endorser, which it doesn't. Most membership plans are utilized to increase flow numbers and request a higher rate from sponsors.

**Brand Extensions:** There are a few manners by which a magazine or paper can stretch out a similar brand to take advantage of various income streams. These incorporate, among others, occasions, TV programs, conservative circles, courses, roundtables, syndication of substance and instruction. This is particularly valid for specific magazines or papers.

**Web/Mobile/Apps:** Most Indian papers and magazines have been increasing their web and portable nearness to produce incomes utilizing their unique substance. Be that as it may, both are not yet huge supporters of income.

### Indian Newspaper Industry

For a nation like India which has a blasting economy and an extending white collar class, purchaser spending and publicizing have developed enormously. The absence of education rate is likewise descending from an expected 35 percent. In New Delhi and Mumbai, around 80 percent of inhabitants matured 7 or more can peruse and compose. Notwithstanding this, web infiltration is inconsequential paying little heed to the standing that India holds as a data innovation powerhouse. The all-around obeyed urbanites are the main area of the populace who can bear the cost of home PCs and fast web associations.

As indicated by a KPMG-FICCI report, Indian print media can be relied upon to develop minimum growth around 9% throughout the following 4 to 5 years. Despite the fact that the expense of the expanding newsprint made the business experience developing edge weights, the expense has not yet been passed on to the peruses because of the solid challenge. Newsprint costs posted a flood of practically half a year ago. Industry specialists trust that Indian papers which are the least expensive on the planet will before long heighten their dissemination charges to counter the expanding cost of newsprint.

As indicated by the most recent research directed by the World Association of Newspapers, the Indian paper

showcase rose as the second biggest on the planet because of the developing proficiency and the new innovation being connected. The new figure of the exploration demonstrates the four huge paper showcases on the planet are, China with 107 million duplicates sold day by day, India with 99 million duplicates day by day, Japan with 68 million duplicates day by day and the United States with 51 million duplicates sold day by day. The business figure of the Indian paper expanded by 11.2% in 2007 and 35.51% in the five-year time frame. Paper promoting incomes in India were up 64.8% over the past 5 years. Of the world's 100 top of the line dailies, 74 are distributed in Asia with 62 of them being distributed from India, China, and Japan.

### Difficulties in the Newspaper Industry

- Newspapers are frequently scrutinized for disregarding moral qualities
- TV and Radio have developed as a modest method for publicizing in contrast with print media. The development of TV and FM Radio directs have brought about limited rates on the clearance of advertisement spots. Because of this, little and medium ventures that used to swing to print promoting in the past are currently finding these media increasingly reasonable and are diverting their publicizing spending plans the new way.
- Availability of online papers
- Online news stages
- News application (applications) accessible in Mobile telephone and PCs

### Challenges to Management in Indian Newspaper industry

There are several risks involved in the running of a newspaper. Currently in India, there is restricted private capital and Bank loans thus making it hard for newspaper organizations to raise capital. It is also hard to acquire a plant since it also requires the erection of a building, the import of machinery, its transportation and installation. The newspaper organization also needs to deal with import duties, credit restrictions and importing license.

Many newspapers never have enough revenue to run the paper efficiently, as they sell copies at low rates. The papers get ads to generate its revenues, but now a days due to the boom in electronic media, the number of ads a paper receives has drastically reduced. At the same time, there is dearth of well qualified, experience journalists and printers.

## IV. CHALLENGES TO NEWSPAPERS

**Fund:** Since papers get couple of/no administration promotions and they are compelled to depend on private advertisements. Memberships in papers create a pitiful income and are lacking to run a paper productively. The

absence of promotions along these lines makes it hard for a little and medium paper to keep running for quite a while

**Ads:** The blast in Electronic media has influenced the quantity of paper gets. Since promotions create a noteworthy measure of the association's income, the inaccessibility of the advertisements extraordinarily influences a little paper's money.

**Organization:** With a restricted income, little papers can't keep up a substantial staff. Along these lines, they rely upon a couple of individuals to do the majority of the work. The organization is likewise unfit to pay their few staff individuals their month to month pay rates. The organization likewise thinks that its difficult to pay for the fundamental utilities like telephone and power for its workers.

**Printing costs:** Small papers with their confined accounts, can't stand to print on astounding newsprints. They additionally utilize ease printing which is of much lower quality, giving the paper a shabby look. The papers utilize turning print.

**Newsprint:** The accessibility of newsprint is less to suit the present interest. The expenses are likewise high. Little papers can't bear to utilize the best newsprint accessible in the market and are then compelled to utilize newsprint of lower cost which makes the paper look of low quality.

**Low quality:** Since little papers utilize ease print techniques, and minimal effort newsprint, the general introduction of the paper is decrepit and ugly. They infrequently use shading print. Printing isn't clear.

**System:** Small paper has a constrained system since they utilize not many columnists. Because of time limitations, these couple of correspondents are regularly compelled to work out of their workplaces. They don't have sufficient energy to go out and extend their systems.

**Offices:** A little paper can't stand to give a great deal of greetings tech offices for its representatives. They don't have or have not many PCs and web offices. The association regularly thinks that its difficult to try and pay for their fundamental utilities.

**Conveyance:** Small papers are compelled to rely upon conveyance young men to appropriate the papers. The quantities of conveyance young men present at some random time can abruptly increment or lessening. The paper faces a noteworthy issue in conveying papers when there are no conveyance young men accessible.

**Dissemination:** The flow figures of a little paper are less since little paper are bought in by individuals of just a single region. It is a noteworthy issue for the little paper and there is less or no extension for the development of the association too.

**Rivalry:** Due to the mechanical headways in the field of print media there is an extremely furious challenge among

the enormous papers which are occupied with value wars. Little paper with their constrained flow figures can't stand to take an interest in these value wars.

**Different Constraints:** Small papers think that its hard to offer rewards and incidental advantages for their workers. They additionally don't have the assets to arrange proficient workshops for their columnist and different representatives to refresh their insight about mechanical progressions and achievement.

### Key Action Points for the Newspaper Industry

Dwindle Drucker characterizes "a great plan of action" as the one that gives answers to the accompanying two inquiries: Who are the client and what does the client esteem?

- Focus on 360-degree association with buyers and Advertisers
- Moving to Multiple Revenue Model - New Content and Revenue Models
- It would be basic for the Print division to recover lost ground by tending to the decrease in promoting rates and developing them back to at noteworthy dimensions. This may demonstrate testing as there might be a noteworthy push once more from sponsors.
- The Print part needs to concentrate on dealing with the readership decrease through expanding infiltration and furthermore by expanding content importance for different statistic segments and age gatherings. This is as of now a significant issue in created markets which are seeing declining by and large readership levels (in the wake of changing for movement to online readership).
- The Print industry needs to expand center around online versions to take advantage of potential relocation onto the web. There is a steady relocation onto online news noted in created nations, which however as of now not a noteworthy worry in India, is inescapable as web infiltration develops. Given that an expanding number of eyeballs will see news on the web, adaptation chances of online versions require more clarity of mind.
- A continued with the spotlight is required on operational redesigns and holding efficiencies. There is a peril that as the economy improves a segment of the operational upgrades may be lost and associations would come back to including more strength.
- Regional media needs to improve its profile among sponsors through improved item quality, inventive utilization of reach and packaging of administrations to give publicists 'all the more value for their money'. This would be basic to limit the hole in promoting share among Hindi and Regional Print.



- Hindi media needs to focus more on keeping the substance to the extent hugeness and appeal, continuing to incorporate claim to fame and exceptional interest parts, etc. This would be key to get a higher wallet share from their present markets and besides to invade into the publicizing share going to common media.

The part is anticipated to make at a CAGR of 9 percent and contact INR373 billion by 2020. The open portal may lie in benefitting by progression opportunity and tapping the improvement potential in neighborhood markets while in the meantime the test could be to inquire about mix openings inside the back and forth movement markets. Headway in the thing, substance, and stream; broadening energy for area express substance; and increase by gigantic players into new geographies and languages accomplishing expanded entrance of neighborhood print media; authentic utilization of online life and expansion in underneath the line exercises can get ready for development in the following year. The print business works in a dynamic region with examines' needs and inclinations progressing dependably. In such a situation, it is key for wholesalers to advance constantly furthermore interface with and team up with their inspects dependably. There are great deals of chances that could profit the flexible players who can adjust to the creating condition. Continuing we may spectator headway in ordinary markets and relationship in setting up business zones with basically the fittest players drive forward through the creating condition.

## V. CONCLUSION

The Indian print media division which confronted an emergency in the year 2009 is, at last, rising up out of its result with 2010 showing indications of recuperation. The advantage of newsprint value decrease is transitory with costs previously demonstrating an ascent. In any case, the effect of improved working efficiencies is required to have an enduring constructive outcome.

Each paper association will organize the activities of self-guideline, responsibility, and straightforwardness; to make another unmistakable system to improve exactness, check, and benchmarks in the paper; and to reinforce bonds between the paper and it's a great many print stage and online peruses.

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# Study on Quality of Work-life in Service Industry with reference to IT Sector

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**Abstract:** Q.W.L. as a concept has as of late picked up energy in scholastic research. Its significance has been enormously worried by HR supervisors in the corporate world. A few investigations have been distributed in the previous decade as far back as the manifestation of "Quality of work life" twisted up well known. The paper assumes to answer to the inquiry, the diverse magnitudes of Q.W.L. for IT experts occupied with programming administrations and improvement in Small and medium undertakings in India by choosing 3 urban communities which are known for Small and medium Enterprises (SME's) in IT segment. The examination was done by giving a survey to 50 IT experts. The analyst has utilized a representative random sampling method as this was discovered fitting to hold its delegates and make the examination sensible. Ordinary assessment of the concept can conceivably furnish associations with critical data about the welfare of their representatives, for example, work fulfillment, work-family balance, employer stability and occupation stress. The worldwide retreat and increment in the challenge have prompted the decrease in the edges of the Indian IT industry because of which compensations of IT experts have diminished and sentiments of uncertainty are expanding. The examination features the way that SME's especially are off guard as they can't legitimize the best abilities in the business, attributable to their restrictions in framework. Data Technology experts are exceptionally taught with high vocation goals and have a developing awareness of their rights. Henceforth it is just basic that associations that utilize them must be worried about their environment and conditions move work life.

**Keywords:** Q.W.L., job satisfaction, Service Industry, IT professionals

## I. INTRODUCTION

Man as an animal of society shapes his predetermination just like that of his general public through his work. No association can end up effective with innovation simply because of the utilization of innovation additionally, associations need a solid workforce.

Worldwide economy gives an association with new difficulties. In present days, the representative's contribution and duty are required in accomplishing hierarchical objectives. The accomplishment of an association will, accordingly, rely upon its capacity to pass judgment on their worker's abilities and use them ideally. On the off chance that the necessities of representatives are not gone too well, their work execution diminishes as they begin feeling disappointed with their work. The contributions and duties of the representatives could be verified just through Quality of work life (QWL). Till now, extraordinary analysts have displayed different meanings of QWL (Serey, 2006). Nature of work life is, for the most part, characterized as "fulfilling a representative's needs by means of the assets, exercises, and results that emerge from inclusion in the work environment" (Sirgy, Efraty, Siegel, and Lee, 2001).

Nature of Work Life (QWL) has been characterized as "The nature of the connection between the representatives and the complete workplace". QWL is worried about the general atmosphere of work and the effect on work and individuals just as on the association's viability

### Advantages of QWL

- Positive worker frames of mind toward their work and the organization.
- Increased efficiency and inherent inspiration.
- Enhanced authoritative adequacy and the upper hand.

### Obstructions to QWL

- Resistance to change both by the board and workers.
- There is a general observation that Q.W.L. execution will cost a lot to the association
- The consistent increment in QWL may result in less profitability, i.e., after a specific dimension, the efficiency won't increment in the extent to the expansion in QWL.
- Widespread misery because of examination with partners.
- Regional partiality
- Skepticism about the execution evaluation framework and advancement criteria

## II. LITERATURE REVIEW

**Cohen and Rosenthal (1980)** depict QWL as a purposefully structured exertion to bring out expanded work of executives and labor to tackle the issue of improving hierarchical execution and representatives fulfillment.

According to Walton (1975) proposed eight conceptual categories. They are as follows:

1. Adequate and fair compensation
2. Safe and healthy working conditions
3. Immediate opportunity to use and develop human capacities
4. Opportunity for continued growth and security
5. Social integration in the work organization
6. Constitutionalization in the work organization
7. Work and the total life span
8. The social relevance of work life. A few distributed works have tended to develop that make up the QWL space and key components of QWL programs.

**Cherg.S** says in a high Quality of work life there should be a constructive effect on close to home life, a chance to be associated with the choice just as a worthy dimension of physical solace.

"The nature of an individual's life is in the direct extent to their responsibility magnificence, paying little mind to their picked field of the undertaking." **Vincent Lombardi Hackman and Oldham (1976)** attracted regard for what they depicted as mental development needs as significant to the thought of Quality of working life. A few such needs were recognized: Skill assortment, Task Identity, Task hugeness, Autonomy, and Feedback. They recommended that such needs must be tended to if representatives are to encounter a high caliber of working life.

### The Study

QWL in IT associations is a broad and regular rehearsed as in other IT association, in spite of recorded analysis of the procedure. In the most recent couple of decade's representative QWL framework has experienced extraordinary changes and upgrades; however till date exceedingly viable QWL framework has not been set up because of numerous reasons, which has been an incredible test for the analysts. The goal of the present research work was to examine by and by "rehearsed QWL framework" in chose IT associations. Where the criteria for viable QWL was work-related, appraisers must be very much prepared and should unmistakably clarify their execution desires ahead of time, trailed by customary survey with wanted criticism, same assessment instrument and criteria ought to be utilized, lastly there ought to be a fair treatment, and some more, in the event that it doesn't exist, at that point representatives requests for evaluation

results audit as they don't think of it as precise or reasonable.

### Hypothesis

**H0-** There is neither a need for changes in existing QWL system of IT companies, nor scope for making it effective and employee affable.

**H1-** There is a definite need of changes in existing QWL system of IT companies, as well as scope of making it effective and employee friendly affable to effectiveness of QWL System.

### Selection of Participating Organizations

In India, there are more than 500 or more IT organizations. For the elucidating kind of research ponder, two IT organizations been chosen; both are Indian multinationals and appreciates top positioning, utilizes comparative characterizations of workers in different offices.

**Determination of Sample Size:** For deciding example estimate, it was essential that the example contemplated speaks enough to the populace to which the scientist has picked. Information for the exploration examine were gathered by the irregular inspecting procedure from the specialized and non-specialized staffs, officers, diverse evaluations of administrators of various divisions. All out quantities of experts utilized were 500 (approx.). For this examination, a review instrument was utilized to gather information from qualified workers. All members were approached to react in their job as a rate to the examiners about their hierarchical QWL framework and give their recommendation and perspectives for its enhancements. The examination related essential information accumulation was done between Apr-Dec 2018.

### Response Rate

Because of a few update calls with both inward and outside volunteer, it was anticipated that base return rate of filled structure from the two associations will be approximately half, yet finally 287 finished and halfway finished the poll were returned. Out of those, 32 were unusable because of either designed reactions or considerable absence of culmination. Along these lines, an aggregate of 255 useable overviews were utilized for the investigations in our exploration.

### Improvement of the Questionnaires

In this examination, a poll was created to gauge the "factors found to impact the viability of QWL". The poll comprises of inquiries to check the accomplishment of QWL framework among data gathered from the organizations was bifurcated utilizing measurable methods; Frequency circulation: for which every one of the things was gotten alongside a bar outline. This permitted the analyst, to take a snappy look, to tell how regularly every one of the reactions was chosen. For

present research reactions were made utilizing Likert-Scale; 1=strongly concur, 2=agree, 3=neither concur nor deviate, 4=disagree and 5=strongly oppose this idea. At last, a relative examination was figured utilizing Independent T-Test, which was to test the mean contrasts with respect to factors estimating QWL viability of those associations. This enabled the scientist to identify the level of affiliation (little, moderate, or extensive) between the organizations.

### III. DATA ANALYSIS AND RESULTS

Essential statistic data of the respondents who took an interest in the examination from the associations, incorporates: the recurrence conveyances of the respondents as far as the situations in which they are utilized; the quantity of years in current position; their age and sexual orientation, trailed by an outline on their largest amount of capabilities and their job as rater or rate has been incorporated.

#### Data Analysis

Table 1

Q. No.	Particulars	Options	Co. A	%	Co. B	%	Total	%
1.	Job Grade	Executive	118	46.27	114	44.71	232	90.98
		Manager	11	4.31	3	1.18	14	5.49
		Senior Manager	6	2.35	3	1.18	9	3.53
		<b>Total</b>	<b>135</b>	<b>52.94</b>	<b>120</b>	<b>47.06</b>	<b>255</b>	<b>100.00</b>
2.	Experience in Current Job	Less than 3 years	118	46.27	111	43.53	229	89.80
		4-6 years	10	3.92	4	1.57	14	5.49
		more than 6 years	7	2.75	5	1.96	12	4.71
		<b>Total</b>	<b>135</b>	<b>52.94</b>	<b>120</b>	<b>47.06</b>	<b>255</b>	<b>100.00</b>
3.	Current Age	Less than 35 years	97	38.04	92	36.08	189	74.12
		36-45 years	21	8.24	20	7.84	41	16.08
		45 Years and above	17	6.67	8	3.14	25	9.80
		<b>Total</b>	<b>135</b>	<b>52.94</b>	<b>120</b>	<b>47.06</b>	<b>255</b>	<b>100.00</b>
4.	Gender	Male	110	43.14	79	30.98	189	74.12
		Female	25	9.80	41	16.08	66	25.88
		<b>Total</b>	<b>135</b>	<b>52.94</b>	<b>120</b>	<b>47.06</b>	<b>255</b>	<b>100.00</b>
5.	Highest Level of Education	UG	32	12.55	25	9.80	57	22.35
		PG	103	40.39	95	37.25	198	77.65
		<b>Total</b>	<b>135</b>	<b>52.94</b>	<b>120</b>	<b>47.06</b>	<b>255</b>	<b>100.00</b>
6.	Awareness of QWL	Yes	126	49.41	111	43.53	237	92.94
		No	5	1.96	6	2.35	11	4.31
		Can't Say	4	1.57	3	1.18	7	2.75
		<b>Total</b>	<b>135</b>	<b>52.94</b>	<b>120</b>	<b>47.06</b>	<b>255</b>	<b>100.00</b>
7.	QWL of the organization helps to improve your productivity	Yes	121	47.45	110	43.14	231	90.59
		No	5	1.96	2	0.78	7	2.75
		Can't Say	9	3.53	8	3.14	17	6.67
		<b>Total</b>	<b>135</b>	<b>52.94</b>	<b>120</b>	<b>47.06</b>	<b>255</b>	<b>100.00</b>
8.	facilities provided by the organization motivate you to improve your productivity	Yes	127	49.80	112	43.92	239	93.73
		No	6	2.35	4	1.57	10	3.92
		Can't Say	2	0.78	4	1.57	6	2.35
		<b>Total</b>	<b>135</b>	<b>52.94</b>	<b>120</b>	<b>47.06</b>	<b>255</b>	<b>100.00</b>
9.	satisfactory Salary according to your Work	Yes	32	12.55	19	7.45	51	20.00
		No	95	37.25	94	36.86	189	74.12
		Can't Say	8	3.14	7	2.75	15	5.88

		<b>Total</b>	<b>135</b>	52.94	<b>120</b>	47.06	<b>255</b>	100.00
10.	Does your organization practices enhancement of QWL	Yes	104	40.78	82	32.16	186	72.94
		No	21	8.24	24	9.41	45	17.65
		Can't Say	10	3.92	14	5.49	24	9.41
		<b>Total</b>	<b>135</b>	52.94	<b>120</b>	47.06	<b>255</b>	100.00

7. Maximum employees are dissatisfied from the salary they get. Companies should see to this perspective also.

#### IV. INTERPRETATION

The analysis of the above table reveals that maximum participation was from 46.27% from company A at executive level, whereas in the same company it had the maximum employees who were having experience of less than three years.

The maximum respondents were in the age span of less than 35 years in company A i.e. 38.04%. Again, in company A the participation of male members was 43.14%, being the highest in the study. Highest number of highest qualification were also in company A i.e., 40.39% post graduates.

With respect to awareness of QWL, almost half of the respondents of company were aware of the concept.

When it was asked from the employees that whether QWL of the organization helps to improve your productivity 47.45% respondents in company A agreed to it.

In terms of their opinion about the facilities provided by the organization motivate employees to improve productivity or not, almost half 49.80% of the employees agreed to it.

It was revealed from the analysis regarding the satisfaction of the employees with respect to the salary they received according to their work 74.12% employees disagreed.

Lastly, it was asked from the employees that whether their organization practices enhancement of QWL their responses were positive i.e. 72.94% in all agreed.

#### V. FINDINGS

1. Both companies need to recruit personnels with more experience to get more productivity.
2. Programmes for spreading awareness of QWL and its relation to productivity should be conducted from time to time.
3. Recruitment of more qualified and experienced people is required to get more stable workforce for the organization.
4. Participation of female employees was found less.
5. Maximum employees in both the organization were aware of the concept. This shows that companies tend to be more focused on their practices regarding QWL.
6. Both the companies are doing well in terms of QWL practices, but they need to upgrade their practices to cover all the employees.

#### VI. SUGGESTIONS

The target of the examination was to break down the QWL framework in the IT part. Different writing sources were examined and considered with an end goal to recognize key components influencing QWL viability, and their impact on associations. From the respondents' responses, it has been set up that greatest benchmarks of QWL frameworks are now in task; there is as yet couple of regions in which the adjustment would result in progress. The zones which might be tended usually for every chosen organization for upgrading impression of QWL

- Guarantee that delegates are given a voice in the midst of the analysis system and are allowed to look into two-route correspondence with respect to include.
- Allow workers the opportunity to challenge or invalidate their evaluations. This consolidates both formal and easygoing instruments. Certification that input is work relevant and does not reflect singular tendency.
- Provide auspicious input – Research has since a long time ago showed the significance of convenient criticism in changing execution and advancing relational reasonableness.
- Relational reasonableness and featured the significance of giving opportune input.
- Input, regardless of whether formal or casual, ought to be conveyed substantially more much of the time and even consistently and positively ought not to be constrained to a yearly occasion.
- Provide input in an environment of regard and obligingness. Research has demonstrated that a representative's view of trust and the boss' capacity to treat workers with kindness and regard are solid determinants to impression of relational decency.
- Avoid shocks among the formal execution survey and input session by giving progressing criticism. View of result shamefulfulness can emerge when result desires are not met. In the event that administrator's work admirably of giving ceaseless criticism to their representatives that will outperform the results emerge by the workers and consequently he/she will be set up for the result of the formal session.
- Management ought to be focused on the procedure, regarding actualizing QWL. The writing has uncovered that culture is of most extreme

significance. The overview has appeared there is as of now a positive culture present at the association. In this way, the selection and usage of an improved QWL framework at the two associations ought not to demonstrate excessively troublesome, as long as the board is focused on the procedure.

- Develop an open door for nothing and standard input by the open and straightforward framework which can without much of a stretch be actualized by making it on the web
- Share both positive and negative criticisms in a similar gathering with QWL.
- The appraiser sets focuses for the worker being assessed for a time of a half year, a year and three months being least. Targets ought to be followed by consistent observing, examination toward the finish of the task, contribution from the client, a half year audits, week after week reports, by incomes and assignments.

## VII. ISSUES AND LIMITATIONS

This investigation experiences a portion of similar restrictions that much QWL researcher has experienced. The information were gathered through a pen and pencil overview utilizing dominantly positive articulations and a reaction scale in which understanding was dependably to one side. The decision to utilize positive proclamations was made in halfway reaction to the taking an interest association's longing to underscore the positive parts of QWL, to improve reactions for the members and to keep up consistency with past operational meanings of equity develops. Different constraints incorporate the moderately low reaction rate i.e., just 30% of the all out approximately 800 members. The essential concern is whether there are orderly contrasts among respondents and the individuals who did not react. To get an appointment for meeting the HR people or senior members of the organization was troublesome and tedious job. For bona fide information accumulation overviews examiners were dispersed arbitrarily to the qualified staff the individuals who were intrigued to partake, by reaching them by and by or with the assistance of chose inside (worker) and outside volunteers. Privacy was guaranteed to the members that the report or information will be altered to secure the distinguishing proof of taking an interest people and the organization. Further, in continuation to this examination increasingly measurable devices will be utilized to break down outcomes all the more profoundly and soon investigation will be made by utilizing statistic data, which will unfurl new things and discoveries before the scientists.

## VIII. SCOPE FOR FURTHER RESEARCH

Further research dependent on the discoveries of this examination is prudent. Different associations likely could be encountering comparable issues. The absence of

straightforwardness and confidence in QWL has been recognized as a key zone for development. An open door exists for an investigation concentrated on improved straightforwardness and confidence on QWL. In the event that IT associations were to actualize an advanced QWL framework, an assessment of the framework after it has been in activity for a timeframe dependent on the writing and proposals contained in this investigation may result in an alternate result.

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# Consumer Behavior towards Digital Payment Gateways & Opportunities and Challenges in Present Economic Scenario

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**Abstract** - India has witnessed significant changes in its economic environment in the recent past. In this context, there is a wide interest among policy makers, academicians, and commercial enterprises to explore the possibilities of moving towards a cashless economy and promotion of e-commerce transaction in the country.

Digital India is the flagship programme of the Government of India. It was launched on 1st July 2015 by Prime Minister Narendra Modi, with a vision to transform India into a digitally empowered society and knowledge economy. "Faceless, Paperless, Cashless" is one of the professed roles of Digital India.

With more and more efforts by the Government for increasing the Digital Payments in the country the popularity of Digital Payment Gateways is increasing. There are multiple options available for the consumers from making Digital Payment now days. In this research paper the main consumer behavior attribute will be seen in relation to their impact on digital payment gateways. Attempt has also been made to study the acceptance rate of digital payment gateways and among the Bhopal consumers and its impact on their purchase decisions.

**Keywords:** Consumer Behavior, Digital India, Digital Payment Gateways, Marketing.

## I. INTRODUCTION

In a very simple terminology a digital payment can be defined as when goods or services are purchased through the use of various electronic mediums. Cash or cheques are not used in this type of payment method.

The Digital Payments can be defined under the Payment and Settlement Act, 2007 as "electronic funds transfer" means any transfer of funds which is initiated by a person by way of instruction, authorization or order to a bank to debit or credit an account maintained with that bank through electronic means and includes point of sale transfers; automated teller machine transactions, direct deposits or withdrawal of funds, transfers initiated by telephone, internet and, card payment.

### Digital Payments trends in India:

The payment system in India's - especially, digital payments system - has been evolving vigorously over the few years. The force behind is continued developments in information and communication technology and the invasion of Reserve Bank of India and Govt. efforts to infuse Global Trends of Digitalization in our country.

The government has established the National Payments Corporation of India (NPCI) was established in 2008 as part of this vision of improving Digital Payments in the

country. Further efforts have been made by the Government to develop Digital Payments ecosystem in the country. This was followed by a major initiative by Government of India which set up the Committee of Digital Payments in August 2016 under the Chairmanship of Shri. Ratan P. Watal, Principal Adviser, NITI Aayog.

### Objectives of the Study

- To understand the different digital payment gateways in India.
- To examine the customer behavior towards digital payment gateways.
- Understand the factors affecting online purchase and choice of payment gateways.
- To study the challenges faced and barriers in adoption of digital payment gateways
- To identify the opportunities for Digital Payments in India.

## II. DIGITAL PAYMENT GATEWAYS IN INDIA

The major digital payment gateways in India which are dominating the customer's choice for payment are-

Banking cards: this is one of the most widely used payment methods with benefits such as security of payment and convenience.

For example: Master Card, Rupay etc.

- **USSD:** This facility is through National Payment Corporation which is basically for those users who are not having smart phones. They can use \*99# (USSD Code) to carry out transaction without any app. This also does not require any internet connection in the mobile phone.
- **Aadhaar Enabled Payment System (AEPS)** this type of payment gateway can be used for all banking transactions. This is the unique use of adhaar linked account of customers
- **UPI:** This is a smart phone based application which allows the users of it to transfer the money between bank accounts of individual or business nature. It is also developed by National Payments Corporation of India. The ease of using UPI is that it only require on a Virtual Payment Address (VPA) for all transactions.  
Example: BHEM (Bharat Interface for Money)
- **Mobile Wallets:** this is a virtual wallet which can be downloaded through the app. The wallet use bank account of VPA of customer to add money in the account. This money can be used for further payments to the different needs of the users.  
Example: Paytm, Google Pay etc.
- **Bank pre-paid cards:** A prepaid card is a type of payment instrument on to which you load money to make purchases. The card may or may not be linked to the bank account of user. Mostly, a debit card of the bank associated with the customer account is linked with the bank account.
- **Point of Sale (PoS):** The PoS terminals referred to those terminals which are installed at all stores where purchases were made by customers using credit/debit cards. It is a machine which uses these cards to make payments and is very common and provides easy transactions system to the users. With increasing bank accounts in the country by Jan Dhan Yojna and banking sector reforms the number of user, using this facility is increasing day by day.
- **Internet Banking:** This refers to the process of carrying out banking transactions using online facility. This may include various services like fund transfer via NEFT, RTGS or IMPS, opening a FD, RD etc. Internet banking is also referred to as e-banking or virtual banking. Internet banking is usually used to make online fund transfers
- **Mobile Banking** Mobile banking is the process of carrying out financial transactions/banking transactions through a Smartphone. The scope of mobile banking is expanding now days with the

introduction of many mobile wallets, digital payment apps and other services like the UPI and increasing users of these services.

### Benefits of Digital Payments

The digital payment gateways provide various benefits over the case payments. Some of the benefits are listed as –

- **Speedy and Convenient transactions:** The main advantages of cashless payments are that it is a speedy process which makes payment very fast as compared to other methods of payments. Another benefit is that it some of the cashless payment services like UPI, digital wallets are available on a 24/7 basis and on all days of a year, including bank holidays which enhance the convenience of the customers.
- **Economical:** Most of the mobile applications do not charge any transaction fee from the users even the other sites connected to them take no transaction fee if paid digitally. In this way the digital payments are more economical for consumers.
- **Attractive Sales Promotion:** There are many wavier, discounts and cash backs offered to customers using digital payment apps and mobile wallets. The cash back schemes are acting as motivator for the customers to use digital payment gateways. Most of the Digital Wallets are using Cash Back on Different Service to lure customers. Even Govt. and Private utility companies are using this in their promotion. Example 10% Cash Back Offer by Indian Oil, HP Refuel advantage etc.
- **Digital record of transactions:** Another advantage of digital payment is that the records of all the transactions are available digitally to the users. This helps them to verify further.
- **All needs at one place:** The digital payment options through wallets provide one stop solution for paying utility bills. All such utility bills can be paid through a single application with no hassle and even cash backs.
- **Curb the black money:** Digital transactions help to keep the record of transactions for the Government and to curb the circulation of black money and counterfeit notes in the long run. It also give a boost to the economy as the cost of printing currency also goes down due to less physical movement of currency.

### Hypothesis of the Study

The hypothesis is formed on the basis of understanding the impact of demographic variables Age, Income and Education on the consumer behavior towards use of Digital Payment Gateways.

1.  $H_{01}$ : There is no significant impact of consumer's gender on usage of Digital payment gateways.



2. H<sub>02</sub>: There is no significant impact of consumer's age on usage Digital payment gateways.
3. H<sub>03</sub>: There is no significant impact of consumer's income on usage of Digital payment gateways.
4. H<sub>04</sub>: There is no significant impact of consumer's education on usage of Digital payment gateways.

### III. RESEARCH METHODOLOGY

Research can be defined in many ways, the research in common parlance refers to the systematic search for knowledge. Research methodology is a way to systematically solve the research problem. It is the science of studying how research is done systematically.

In this study the primary as well as secondary data has been used to understand the scenario of Digital Payments Gateways as well as some of the areas specific responses from the consumers. The study used survey to obtain information about consumer behavior towards use of digital payment gateways for the purchase and its

### IV. DATA ANALYSIS AND INTERPRETATION

#### Part- 1

The data collected has been analyzed and the following responses have been gathered based upon some basic questions related to the consumer's behavior towards digital payment gateways.

A. When it is asked that why you are using digital payment gateways? The responses are as under-

Particulars	Total No.	%
Convenience	302	60.4
Discounts/cash back rewards	102	20.4
Easy tracking of spends	54	10.8
Shortage of currency notes	42	8.4
Total	500	100

The data reveals that the convenience is the most preferred reason for digital payment gateways.

B. When it is asked about the consumer's biggest concern around digital payment gateways, the responses are as follows-

Particulars	Total No.	%
Risk of fraud	233	46.6
Poor Internet connectivity	24	4.8
Security (risk of identity theft)	54	10.8
Merchant acceptance	104	20.8
Lack of tech knowhow	85	17
Total	500	100

From the above table it can be observed that the risk of fraud and merchant acceptance are the major concerns.

C. When the data is collected about most preferred digital payment gateway, the responses collected are as under.

Particulars	Total No.	%
Netbanking	97	19.4
Credit /debit card:	204	40.8
E-wallet/Mobile app	107	21.4
Other gateways like Adhar etc	14	2.8
UPI	78	15.6
	500	100

From the above table it can be observed that the Credit and Debit cards and E-wallets followed by UPI are the most preferred gateways.

#### Part-2

When the data is collected based upon the Gender, Age, Income and Educational attributes of consumer behavior towards digital payment gateways the following responses have been collected and analyzed. Data Analysis and Interpretation

significance on Digital payment gateways transactions based upon the demographic parameters.

The data collected were primarily through the use of published journal, research articles, websites etc. and for the primary research the sample of the study is conducted in Bhopal city with a sample size of 500 adapting simple random convenience sampling as sampling tool. Out of the 530 questionnaire throne we received 505 questionnaires in proper filled and for the convenience of data analysis 05 were not included in the research.

The responses from the respondents were analyzed using the simple percentage analysis and Chi square test.

500 respondents were selected for the period of 1<sup>st</sup> March to 31<sup>st</sup> March 2019. The data collected was classified and tabulated for analysis according to the objectives of the study and the relevant research tools were used for the analysis purpose.

### 1. Gender wise Analysis

Gender	Number	%
Male	272	54.4
Female	228	45.6
<b>Total</b>	<b>500</b>	<b>100</b>

The above table shows that the maximum respondents i.e. 54.4% were male only and 45.6% were female, engaged with digital payment gateways.

#### Impact of gender on use of digital payment gateways

Gender & consumer behavior towards the use Digi Payment Gateways	Number			Chi Square Value	df	P value
	Male	Female	Total			
Yes	164	158	322	4.3861	0.05	.036233
No	108	70	178			
<b>Total</b>	<b>272</b>	<b>228</b>	<b>500</b>			

From the above table, it is observed that gender plays an important role and it has significant impact on the use of digital payments gateways in the selected area. Hence, it is proved that positively correlated with gender.

### 2. Age wise Analysis

Age of respondents (in years)	Number	%
21-30	120	24
31-40	198	39.6
41-50	147	29.4
50 years & Above	35	7
<b>Total</b>	<b>500</b>	<b>100</b>

The above table shows that 24% respondents belongs to the age group of 21 to 30 years, 39.6% belongs to the age group of 31 to 40 years, 29.4 % belongs to the age group of 41 to 50 years and 07% belongs to the age group of 50 years & above.

#### Impact of age on use of digital payment for Digital payment gateways

Age & consumer behavior for Digital payment gateways	Number					Chi Squar	df	P value
	21-30	31-40	41-50	50 Above	Total			
Yes	76	124	108	48	356	11.3012	0.05	.010204
No	30	42	35	37	144			
<b>Total</b>	<b>106</b>	<b>166</b>	<b>143</b>	<b>85</b>	<b>500</b>			

From the above table, it is observed that age plays an important role and it has significant impact on the use of digital payments gateways. Hence, it is proved that the age factor is positively correlated with consumer behaviour towards digital payments gateways.

### 3. Income wise Analysis

Income (in Rupees)	Number	%
Below 1 lakh	97	19.4
1-3 lakhs	140	28
3-5 lakhs	163	32.6
5 lakhs & above	100	20
<b>Total</b>	<b>500</b>	<b>100</b>

The above table shows that 19.4% respondents belongs to the income group of below 1 lakh rupees, 28.0% belongs to the income group of 1-3 lakh rupees, 32.60% belongs to the income group of 3-5 lakh rupees and 20 % belongs to the income group of 5 lakh rupees & above.

### Impact of income on use of digital payment wallets

Income & consumer behavior for the use of digital payment gateways	Number					Chi Squar	df	P value
	Below 1 lakh	1-3 lakh	3-5 lakh	5-10 above	Total			
Yes	65	95	75	55	287	16.5016	0.05	.000895
No	32	48	88	45	213			
Total	97	140	163	100	500			

From the above table, it is observed that the null hypothesis is accepted . Hence, it can be concluded that the factor of income affects consumer behavior towards the use of digital payments gateways.

#### 4. Education wise Analysis

Education	Number	%
Up to Secondary	121	24.02
Graduate/Pursuing Graduation	295	59
Post Graduate	84	16.8
<b>Total</b>	<b>500</b>	<b>100</b>

The above table shows that 24.02% respondents belongs to the education group of upto secondary level, 59% belongs to the education group of graduate level and 16.8 % belongs to the education group of post graduate level.

### Impact of education on use of digital payment for Digital payment gateways

Education & consumer behavior for the use of Digital Payment gateways	Number				Chi Square	df	P value
	Up to Secondary	Gra-duate	Post Graduate	Total			
Yes	69	197	62	328	6.6335	0.005	.03627
No	52	98	22	172			
Total	121	295	84	500			

From the above table, it is observed that education plays an important role and it has significant impact on consumer behavior for the use of digital payments gateways.

### V. CHALLENGES

The Digital payment options are also facing certain challenges-

- 1. The thinking of general population:** In our country people mostly believe that the transactions of Cash are the best and the new methods of digital payments are complex. India, it is a well known and universally accepted myth that cash is the best way of paying for the expenses. It is believed that using digital methods for the payments may be risky for that matter.
- 2. Risky:** It is believed that that the digital methods for the payments are too risky to use. They may have the threat of hacking, account number tracing, automatic money transfer, online fraud etc. all these threats are the reasons of not preferring other digital payment gateways except Debit/Credit cards.
- 3. Lack of PoS:** According to a survey there are more than 700 million debit cards in use in India. Despite

this fact, the presence of PoS (Point of Sale) on shops or restaurants at smaller cities, villages or roadside dhabas are still less and even if present then many of them are not properly functioning due to machine or network problems. This is one of the major challenges towards digital payment gateways.

- 4. Acceptance:** In India, all the places which targets the masses like public transport, tolls etc. still don't feel comfortable in accepting the digital methods for the payments. Even in shops it is observed that the shopkeepers prefer cash over digital payments due to various reasons.
- 5. Too many options:** One very interesting challenge before the digital payment systems in India that there are a lot of payment modes available in the market. This not only confuses the mind of the users but also creates suspicion about the authenticity of the digital payments.

## VI. OPPORTUNITIES

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Like many other sector Digital Payment Gateways are also providing a number of opportunities for Indian as well as Global companies. Some of the upcoming opportunities are-

1. Development of global digital payment ecosystem: The rise of Indian payment gateways global companies are attracted towards launching whether it is Google Pay or it is Amazon Pay.
2. Growing users: The digital payment market in India is growing at a fast pace. The growth estimate shows that it will reach up to to US\$1 trillion by FY23E led by the growth in mobile payments.
3. From Gateway to bank: With Paytm—which has 7 million merchants (>2x the banking system)—now becoming a bank and post the launch of Google Tez and PhonePe, which are also focusing on merchant payments, a steep rise in digital payments could be expected.
4. Increasing size of PoS: While the number of PoS terminals has doubled since demonetization, the merchant acquisition infrastructure in India remains weak, as banks have not been able to drive adoption. This sector presents immense opportunities for digital players.
5. Increasing awareness: With the government Digital India program and schemes to promote the size of Digital Payment Gateway market is growing day by day, luring many more companies to enter.
6. Focus on consumer's safety: as safety has emerged as one of the major issue towards digital payment gateway adoptions so companies are paying maximum attention towards resolving this issue.

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## VII. CONCLUSION

Digital payments gateways have increased its popularity among consumers in the urban areas. In the recent past digital payment gateways has been playing a vital role in modern trade whether offline or online. Government is continuously pushing the use of digital payment gateways for consumers and trying to reduce the fear towards using these. Also the use is becoming easier and convenient as it is one of the key factors towards the consumers usages of digital payment gateways to the large population. The market is huge and having unlimited opportunities, success will be of those companies who will properly analyze the consumer behavior and develop strategies accordingly to make their gateways popular among users. The India is entering into another revolution i.e. The Digital Revolution.....

# Occupational Health and Safety Measures of Small and Medium Scale Enterprises: A Study

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**Abstract -** In the last few years, the small and medium scale enterprises (SMEs) have huge growth due to the social and economical development of the country. On the contrary, the safety aspects in the SMEs are very impoverished and highly risky to the life of the employees, and require enormous improvement. This study attempts to identify the occupational health and safety practices in small and medium scale enterprises. Also to understand the views of different employees in small and medium enterprises about what can be done to improve the health and safety at workplace. In order to carry out this research, questionnaires were used to collect the views of different employees concerning this topic in these organizations.

**Keywords:** Health and Safety Practices, Small and Medium scale enterprises (SMEs)

## I. INTRODUCTION

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating largest employment opportunities at comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets.

On 9 May 2007, the former Ministry of Small Scale Industries and the Ministry of Agro and Rural Industries were merged to form the Ministry of Micro, Small and Medium Enterprises (M/o MSME). The Ministry designs policies, promotes/ facilitates programmes/ projects/ schemes and monitors their implementation, with a view to assisting MSMEs and helping them to scale up.

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified as below:

### Manufacturing Sector

#### Investment in plant & Machinery

Micro Enterprises Does not exceed twenty five lakh rupees

Small Enterprises More than twenty five lakh rupees but does not exceed ten crore rupees

Medium Enterprises More than five lakh rupees but does not exceed ten crore rupees

### Service Sector

#### Investment in equipment

Micro Enterprises Does not exceed ten lakh rupees

Small Enterprises More than twenty five lakh rupees but does not exceed five crore rupees

Medium Enterprises More than two crore rupees but does not exceed five crore rupees

Micro, Small and Medium enterprises are the pillar of economic growth of the country. Rightly termed as “*the engine of growth*”, MSMEs have played an important role in the growth of the country in terms of generating employment opportunities (largest employer after agriculture sector), scaling manufacturing capabilities, reducing regional disparities, balancing the distribution of wealth, and contributing to the GDP significantly.

**Definition:** MSMEs is governed by the MSMED Act 2006. The act defines MSMEs on the basis of investment in Plant & Machinery and Equipments in Manufacturing and Service Sector units respectively. However, on February 07, 2018, in the recent cabinet meeting held, the union cabinet approved the change in the definition of MSMEs to the annual turnover from investment in plant & machinery and equipment in Manufacturing and services sector respectively.

### The new criteria of defining MSMEs will be:

Classification	Annual Turnover
Micro Enterprises	Less than 5 crore rupees
Small Enterprises	More than 5 crore rupees but does not exceed Rs 75 crore
Medium Enterprises	More than 75 crore rupees but does not exceed Rs 250 crore

**Organisational structure:**



**Problems & Challenges:**

MSMEs have been the most developing and adding to the economy significantly, they face lot of problems & challenges. Some of the major problems & challenges are given below:

**1. Lack of Adequate Capital and resources**

Despite of the immense potential in MSMEs One of the most important challenge faced is Scarcity of Resources and funds which is highly required for enhancing the profitability and productivity of the organisation which in turn hinders the growth of SMEs .

**2. Lack of Infrastructure**

Many MSMEs are still unfortunate to have sufficient infrastructure like water, land, power, transport, and communication services. These are the key factors that are required to run a unit successfully. But proper and efficient working is hampered by non availability of such services

**3. Access to Modern Technology**

In today’s world the critical factor that decides the success an Organisation is the use of Technology. Outdated techniques lead to low efficiency and productivity. This affects the potential of MSMEs in doing business. Moreover it lacks knowledge required to take on updated technologies and skilled labour is another major issue

**4. Access to Markets**

Another important factor that effects the growth of MSMEs is the finite access to various suitable markets as they have limited resources and knowledge of the updated trends. It only markets the products to local region whereas it might have the potential in other markets as well. Access to market will enable them to enhance the expandability.

**Objectives of the study:**

1. To study the current practices of health and safety measures adopted by SME’s
2. To study the level of awareness among the workers of SME’s regarding health and safety measures.
3. To find out the impact of industrial health and safety on Job satisfaction of employees’ .

**Hypothesis**

4. **H<sub>0</sub>:** Health & Safety does not impact the Job satisfaction of employees.
5. **H<sub>1</sub>:** Health & Safety has an impact the Job satisfaction of employees.

**II. RESEARCH METHODOLOGY**

➤ **Sample method:-**

Convenient sampling was the technique used for collecting the data.

➤ **Sample unit:-**

The sample unit selected for the study were the employees of SME’s of Jabalpur. The employees of 7 small scale and 2 medium scale enterprises are being selected for this study.

**Medium Scale Enterprises:**

1. **Company Name** M/s Commercial Engineers & Body Builders Company Ltd  
**Sector** Auto Components  
**Products** Tanker, Tipper
2. **Company Name** M/s Oswal Concrete Pipe Manufacturing Company  
**Sector** Cement  
**Products** RCC Products

**Small Scale Enterprises:**

1. **Company Name** M/s Varsha Food Corporation  
**Sector** Food Processing
2. **Company Name** The Oven Classics  
**Sector** Bakery items
3. **Company Name** M/s Trikuta Herbal Aushadhalaya  
**Sector** Pharmaceutical
4. **Company Name** M/s Aditi Creation  
**Sector** Textile  
**Products** Readymade Garments
5. **Company Name** M/s A to Z Garments  
**Sector** Textile  
**Products** Shirt, T-Shirt, Pant
6. **Company Name** M/s Bhakti Pearl Creation  
**Sector** Others  
**Products** Artificial Jewellery
7. **Company Name** M/s Khandelwal and Khandelwal  
**Sector** Others

**Sample size:-** 128 employees

Total 62 employees from small scale enterprises and 66 employees from medium scale enterprises were taken.

➤ **Method of data collection**

Data was collected through survey method by using a structured questionnaire and interview.

➤ **Source of data Collection:-**

Both primary & secondary data were collected.

➤ **Primary data**

Primary Data was collected from the employees directly through a structured questionnaire.

The questionnaire contained a total of 14 questions and most of them were closed-ended questions. The Questionnaire dealt with various aspects of the health and safety practices in the organization.

➤ **Secondary data**

The secondary data was collected from various books, websites and journals available.

➤ **Tools used:-**

The main tool used for data analysis is Chi Square test in excel.

➤ **Chi square analysis**

The *chi-square test* provides a method for testing the association between the variables. The method was extensively used for finding various details as mentioned in the analysis and interpretation. It can be calculated as follows.

**State the level of significance.** P = 5 % (0.05).

$$X^2 = \sum \frac{(\text{observed} - \text{expected})^2}{\text{expected}}$$

**Analysis & Discussion:**

2				
A) Lighting and ventilation	O	E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
HS	86	25.60	3648.16	142.51
S	25	25.60	0.36	0.01
N	17	25.60	73.96	2.89
D	0	25.60	655.36	25.60
HD	0.00	25.60	655.36	25.60
Total	128			196.61

3				
B) Fencing of machineries	O	E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
S.A	0.00	25.60	655.36	25.60
A	59.00	25.60	1115.56	43.58
N	68.00	25.60	1883.56	73.58
D	0.00	25.60	655.36	25.60
SD	0.00	25.60	655.36	25.60
Total	128.00			193.95

4				
C) Drinking Water and Sanitary Facility	O	E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
S.A	95.00	25.60	4816.36	188.14
A	33.00	25.60	54.76	2.14
N	0.00	25.60	655.36	25.60
D	0.00	25.60	655.36	25.60
SD	0.00	25.60	655.36	25.60
Total	128.00			267.08

5				
D) Chairs/Tables and Facility for sitting	O	E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
S.A	19.00	25.60	43.56	1.70
A	59.00	25.60	1115.56	43.58
N	50.00	25.60	595.36	23.26
D	0.00	25.60	655.36	25.60
SD	0.00	25.60	655.36	25.60
Total	128.00			119.73

6				
E) Personal Protective Equipments	O	E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
S.A	21.00	25.60	21.16	0.83
A	59.00	25.60	1115.56	43.58
N	48.00	25.60	501.76	19.60
D	0.00	25.60	655.36	25.60
SD	0.00	25.60	655.36	25.60
Total	128.00			115.20

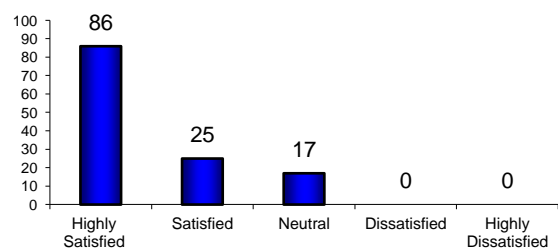
7				
F) First Aid Kit and medical Facility	O	E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
S.A	95.00	25.60	4816.36	188.14
A	33.00	25.60	54.76	2.14
N	0.00	25.60	655.36	25.60
D	0.00	25.60	655.36	25.60
SD	0.00	25.60	655.36	25.60
Total	128.00			267.08

8				
G) Good house Keeping	O	E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
S.A	21.00	25.60	21.16	0.83
A	59.00	25.60	1115.56	43.58
N	48.00	25.60	501.76	19.60
D	0.00	25.60	655.36	25.60
SD	0.00	25.60	655.36	25.60
Total	128.00			115.20

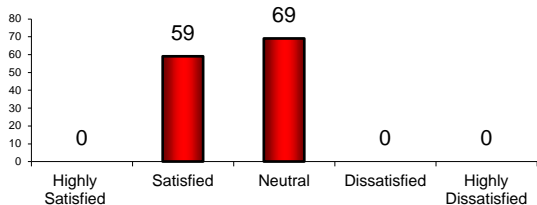
9				
H) Fire Prevention and Protection	O	E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
S.A	19.00	25.60	43.56	1.70
A	59.00	25.60	1115.56	43.58
N	50.00	25.60	595.36	23.26
D	0.00	25.60	655.36	25.60
SD	0.00	25.60	655.36	25.60
Total	128.00			119.73

10				
I) Training and Instructions to work on hazardous machines	O	E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
S.A	0.00	25.60	655.36	25.60
A	30.00	25.60	19.36	0.76
N	62.00	25.60	1324.96	51.76
D	36.00	25.60	108.16	4.23
SD	0.00	25.60	655.36	25.60
Total	128.00			107.94

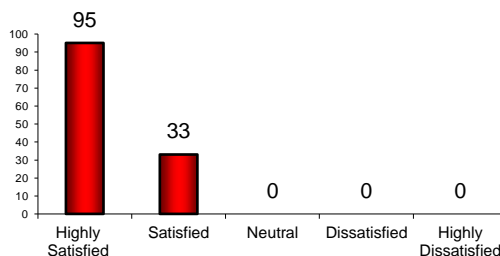
**A) Lighting and ventilation**



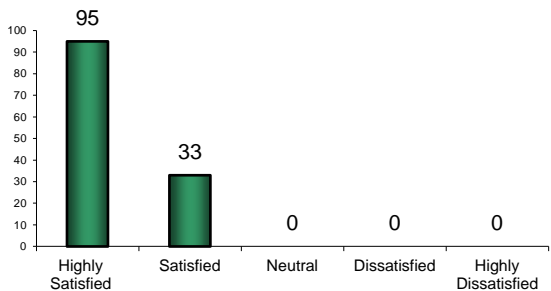
**B) Fencing of machineries**



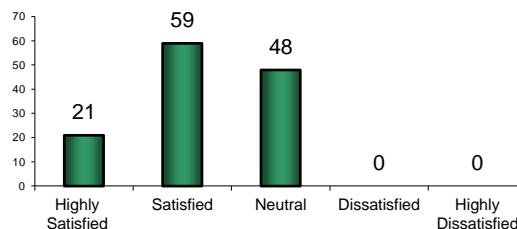
**F) First Aid Kit and medical Facility**



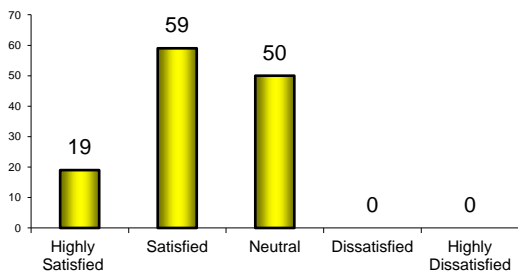
**C) Drinking Water and Sanitary Facility**



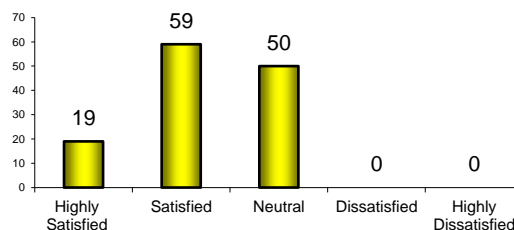
**G) Good house Keeping**



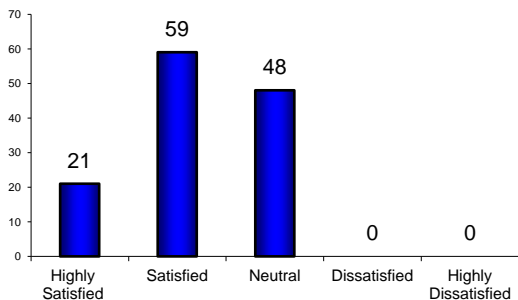
**D) Chairs/Tables and Facility for sitting**



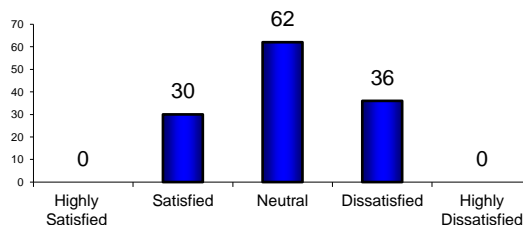
**H) Fire Prevention and Protection**



**E) Personal Protective Equipments**



**I) Training and Instructions to work on hazardous machines**



This can be concluded from the above mentioned graphs that in both small and medium scale enterprises employees are not aware of the facilities or else they are not happy with the given provisions from the organisation.



Question	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	N	$\chi^2$ Value (P)
A) Lighting and ventilation	86	25	17	0	0	128	196.61
B) Fencing of machineries	0	59	69	0	0	128	193.95
C) Drinking Water and Sanitary Facility	95	33	0	0	0	128	267.08
D) Chairs/Tables and Facility for sitting	19	59	50	0	0	128	119.73
E) Personal Protective Equipments	21	59	48	0	0	128	115.20
F) First Aid Kit and medical Facility	95	33	0	0	0	128	267.08
G) Good house Keeping	21	59	48	0	0	128	115.20
H) Fire Prevention and Protection	19	59	50	0	0	128	119.73
I) Training and Instructions to work on hazardous machines	0	30	62	36	0	128	107.94
							1502.53

[14] <http://journalsinternational.co.in/index.php/PJI/article/view/932/770>

[15] <http://journalsinternational.co.in/index.php/PJI/article/view/951/771>

The critical value of chi-squared at 5% significance and 127 degree of freedom is 154.302. Our calculated value is 1502.53. The test value is greater than the table value at the 5% level of probability.

### III. CONCLUSION

Null hypothesis is rejected, so there is a significant difference between the observed and expected results at the 5 per cent level of probability. Health and Safety have an impact on employee's job satisfaction.

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- [12] <http://journalsinternational.co.in/index.php/AN/article/view/935/768>
- [13] <http://journalsinternational.co.in/index.php/PJI/article/view/828/769>

# The Business of Globalization and the Globalization of Business

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**Abstract** - The new worldwide economy of the twenty-first century has changed the financial, social, and political scene in a significant and an influential way. It is made out of a set of three of intuitive powers that incorporate globalization, exchange progression and the data innovation and correspondences upset. Globalization has softened national outskirts, unhindered commerce has upgraded monetary incorporation and the data and interchanges upset have made geology and time unessential. The job and elements of enterprise in the new worldwide economy have taken on included centrality and face aggravated difficulties. We live in a testing situation of quickly changing financial occasions, where the private sector has turned into the most critical aspect of monetary development and the open area has contracted in significance and impact. Business visionaries are characterizing the new standards of commitment on the financial surprisingly to hold with contemporary difficulties and new chances. In this new business environment, business people need to express a serious and clear minded vision, practice compelling initiative and build up an aggressive business system. They ought to make cooperative energies that will enable them to coordinate the intelligent elements of the new economy so as to improve their upper hand. Their business methodology should grasp adaptability, speedy reaction time and a proactive way to deal with financial chances. This paper will likewise count the pioneering capacities, abilities, capabilities and points of view that are basic pre-requirements for accomplishment in the new worldwide economy of the twenty-first century.

**Keywords:** *Business, Globalization, Exchange progression, data innovation*

## I. INTRODUCTION

The new all things considered the economy of the 21st Century has changed the money related, the social, enlightening, and political scene in an essential and suffering way. At no other time in humanity's history has the pace of essential change been reliably certain, smart, and worldwide in its remarkable condition. The new economy is made out of a lot of three sharp powers that join globalization, trade advance, and the information progression and correspondences upset. Globalization has mellowed national edges, unhindered trade has improved money related coordination, and the information and correspondences uprising have made topography and time unessential. In like manner, the new economy depends upon a culture of movement. Reason for truth, the ventured run of the mill for the new when all is said in the done economy is new thoughts, new kinds of advancement, and new exercises.

The essential differentiation in the new as a rule economy has not been kept to cash related parameters. It is in like way unpreventable in the way we live, learns, works, contributes, suit our supportive associations, pull in ourselves, practice our sensible obligations, and impact the

arrangement of open system and chat with each other. Open affiliations, banking, arranging, human associations, and electronic business are at the front line of the Information Revolution with the capacity to get to information, affiliations, and things from around the world rapidly. The speed of progress and the extent of associate change demonstrate this money related key change - a pace of movement that is fabulous ever of (Gera and Mang, 1998). The information and correspondences movement of the 21st Century have made possible the narrowing of value. The new information and electronic cutoff points are portraying the new parameters and pushing the disturbed areas of the money related system (Boston Consulting Group, 1998).

## II. REVIEW OF LITERATURE

In express countries, this has proposed enduring a concentrated program of financial changes that joined the improvement of near to cash related markets and foundations, and the party of consistent macroeconomic structures (Barro and Sala-I-Martin, 1995).

This is in sharp uncommonness to the authentic perspective that depended immovably on administrative

controls to orchestrate general exchange and parts additionally as capital trades (Archibugi and Michie, 1997).

The contemporary time of globalization reveals that it has distinctive estimations - money related, social, political, social, religious, and ordinary (Black, 1998). These estimations are fitting in a borderless, globalized world (Passaris, 2002).

Globalization has been driven by mechanical change and monetary development and upheld by appreciation among policymakers that an open, liberal, and rules subject to no matter how you look at it trading and cash related structure are essential to worldwide budgetary advancement. The new economy has ended up being extremely worldwide in degree and substance. The free stream of capital, work, stock and encounters inside managed business regions, the improvement of new cash related instruments and establishments, and passing access to information and correspondence through the new mechanized frameworks, have made a totally entwined by and large money related course of action of immense advancement and opportunity, and achieved a more noteworthy extent of worldwide financial dependence and linkages than at whatever point in late memory (Gupta and Choudhry, 1997).

### Objective

1. To study the various facets of globalization in current business scenario.
2. Impact of globalization on the various business practices in current scenario.

### III. RESEARCH METHODOLOGY

Secondary data has been used for the study, which includes various researches which are previously done in the field, books, journals and magazines etc.

#### Globalization

Globalization is irrefutably not another thought. It has progressed and changed all through the various years to reflect the necessities and wants of different ages. The general exertion of nations for geopolitical, money related, military, and trade benefits has transgressed the a long time and saw fundamentally every country on the planet. From a long time earlier, the technique for globalization has taken gathered structures and proceeded in different ways.

This short and unequivocal land blueprint of the certain establishment of globalization affirms the constancy of humanity's globalization need. Through the presentation and abuse of naturally found scenes, through the military triumph and expansion of neighboring districts, and through the venturing of contemporary multilateral invigorated trade understandings, the system for globalization has been a steady continuum really taking

shape history of humankind. The faithful headway of globalization has found verbalization in the geopolitical and money related wants of the military, financial, and political superpowers by procedures for wars, mercantilism, colonization, political and budgetary inconceivability, and altogether all the all the more starting late, through overall cash related contacts and multilateral trade understandings.

To state it obviously, history bears divulgence that the voyage for globalization was now and again accomplished with the intensity of the sword on the cutting edge, or through resistance that sent tanks roaring down the ways, or impressively moreover starting late through the stroke of a pen on a general recognition.

#### Trade Liberalization

The second saying of the new economy is traded improvement. The general mental dependability for trade advancement relies on the segment drove movement to demonstrate which understands the money related tendencies of admissions to the national economy as work creation, pay age, and as a supporter of monetary improvement. Reason for truth, trade as an engine for improvement has been money related perspective that has been passed down from the trade hypotheses of the nineteenth century.

There is no denying that in the contemporary setting, most countries around the world have understood the standard and separate on to the potential money related prizes from by and large trade advancement. This has showed up as a strong structure commitment toward open verifications against protectionism and a strong elucidation of plan to crush the dividers of protectionist evaluations, sums, and a wide extent of limits to all things considered trade. The contemporary vision of the new as a rule economy comprehends the advancement of a managed trade condition that interfaces with trade across over national edges of things and endeavors, the trading of affirmed headway, and the unregulated stream of capital. In such manner, the bleeding edge time of free as a rule trade progresses a solid arrangement that joins trade and sections, at any rate, the whole bundle of sweeping trades that reasonably make an open, centered, and stable generally condition.

Trade development has been proficiently hunt down after in the perpetual past at the multilateral and two-sided level. The lopsided and dull methodology for accomplishing understandings at the multilateral estimation, particularly through United Nation foundations, for instance, the World Trade Organization and its herald the General Agreement on Tariffs and Trade (GATT), has prompted the examination of elective parties for in general trade understandings. Countries have imagined that it was reasonably valuable and sensible to deal with their

multilateral framed trade understandings inside geographic regional trading squares. Regardless of close-by trading squares, for instance, the European Union and the North America Free Trade Agreement there are regional ordinary market trading squares, for instance, the Common Market of South America, the Andean Pact, the Central American Common Market, the Caribbean Common Market, the Southern Africa Customs Union, and the Common Market for Eastern and Southern Africa. Neighboring budgetary understandings nearly interweave the Asia-Pacific Economic Co-advancement and the Association of South East Asia Nations. Nearby free trading plans can add to money related capacity, trade, theory, and budgetary movement. They are moreover colossal supporters of essential change by making fundamental driving forces to shed restrictive trade rehearses and embracing structures, streamlining customs procedures and oversees and dealing with budgetary markets. Ordinary trading squares can, moreover, drive the overhauls of trades including bit and structure strategies related to transportation, establishment, work, and improvement, in express countries; they also mix theory rule flashes, charge treatment, and models and centered standards.

### Information Technology

The information progression revolt has in a general sense changed the associate parameters and average system for finishing things of most national economies. Definitely, the change from the front line age to the information age has achieved the re-trying of the working environment, the blueprint of new money related affiliations and a reconfiguration of the macroeconomic structure. The activity of information and exchanges progress in the new economy has been huge. This is particularly liberal for the changing structure of the general age. In this novel condition, firms are dealing with the age and advancing of things and encounters transversely over national edges. Worldwide budgetary trades that in the past were driven between self-managing parts are a little while later being hidden inside a single firm or generally speaking affiliation. The new mechanical structure has pulled in relationship to be delinked from creation and traded or performed remotely. In this contemporary scene, the market for a creation number of ordinarily orchestrated at any rate topographically scattered business endeavors is far and wide, instead of national or ordinary. In actuality, the breakdown of value through the vehicle of information/correspondences sorts of advancement has discharged the physical market with the virtual market of the web for business to business and business to client trades (Cairncross, 1997).

### Scale versus Scope

The budgetary increments of the Industrial Revolution were related on a very basic level with economies of scale. Economies of scale gather when the cost of making a unit

of yield decreases as the yield rate augments before trustworthy hardships setting in. This is a delayed consequence of the immovable abatement in per unit cost, as the per unit fixed cost has gushed over an increasingly significant number of inflexible creation yield. Economies of scale rise out of specialization and the division of work that can be polished significantly more satisfactorily by each business' inside structure of the inventive system coordination, as opposed to in-highlight co-course of action. The expansive scale gathering of customer strong stock using the dynamic improvement structure methodology for creation is a real event of developments from economies of scale in the midst of the Industrial Revolution. Fundamentally more expressly, vehicle producers have been the beneficiaries of economies of scale utilizing cost-saving mechanical social event and exceptionally thought work, near to concentrating on increases in headway yield levels.

### Internetization

Internetization is a word that has been envisioned to get the unavoidable effect of the web and the World Wide Web on all bits of a human endeavor for our general people in the 21st Century. It is a technique that is verified by information and correspondences improvement in a world with a colossal most outrageous concerning virtual accessibility. Scarcely multi-day goes by when our individual and for our entire lives are not come to by some bit of information improvement and exchanges change. The electronic prefix that is appearing before a creating number of our very much arranged works out, for instance, online business, email, e-learning, and e-government is a critical enunciation of the unavoidable effect of the web.

At the very heart of information progression applications for the data based piece of the economy is essentially the wide utilization of PCs and set forth a concentrated exertion rule. A security favored perspective of this change has been the phenomenal size of creative work in the experience for new applications to the advances in information and exchanges progression, the astounding improvement of the thing business and related business benefits, the extent of energy for modernized mechanical get together and in the grant trades system, in like manner as the smart improvement of claim to fame markets for satellite and periphery endeavors giving information and correspondences progress things, unequivocal segments, and affiliations.

### Schumpeter Entrepreneur

In his two novel books *The Theory of Economic Development and Business Cycles*, Schumpeter (1912) explained his method for breaking examination at work of the business visionary in real money related improvement. Straight up 'til today, his approach of work on business endeavor remains the most guaranteed examination of this

bit of information (Orati and Dahiya, 2001). As shown by Schumpeter, improvement is what picks the estimation of business set out to money related society. Schumpeter comprehended the standard that advancement invigorates an adjustment in the developing work, and the business visionary is the lift that remembers it. In this particular condition, business endeavor takes on included immensity as the engine of progress and a supporter of the wealth of nations (Schumpeter, 1939).

#### IV. OVERALL ENTREPRENEUR

The activity and sections of business experience in the new for the most part economy of the 21st Century have taken on included mass and face exacerbated burdens. Today we live in a troublesome domain of rapidly changing budgetary events, where the private segment has changed into the most basic engine of money related improvement, and the open part has contracted in centrality and effect. In this exceptional situation, the expert has an essential endeavor to bring out in moving national flourishing through the endeavor of the private division. Administrators are delineating new rules of commitment on the cash out of this world to holds with contemporary challenges and new shots. New experiences, new course, and new exercises are checked regularly for the 21st Century. In this new condition, experts need to verbalize a certifiable vision, chip away at surprising expert, and develop an attracted business approach. They should have specific attributes to empower the normal sections of the new economy, viz. globalization, trade advancement, and the information movement and exchanges inconvenience, in order to upgrade their high ground. Their business approach should get adaptability, quick response time and a proactive methodology to regulate budgetary possible results (Passaris, 2002).

The pushed business visionary must give a bit of imaginative limit in the diverse leveled plan equivalently as a mirror a sound as a rule perspective. The diverse leveled structure must be depicted by versatility and multidimensionality in order to work reasonably in another as a rule condition. In such a way, reasonable composed exertion is a focal reason for business accomplishment. It's a given that with the comprehensive multifaceted nature of for the most part works out, the ability to work enough in work social affairs - especially in socially intriguing gatherings - is of basic centrality. The theory of better and logically moderate all things considered correspondence progression suggests that general social gatherings can work without being in the unclear physical area. As a rule, intrigue can add to extraordinary business building, a more grounded duty to achieving by and large targets, and an enduringly organized exertion in finishing key change.

#### V. CONCLUSION

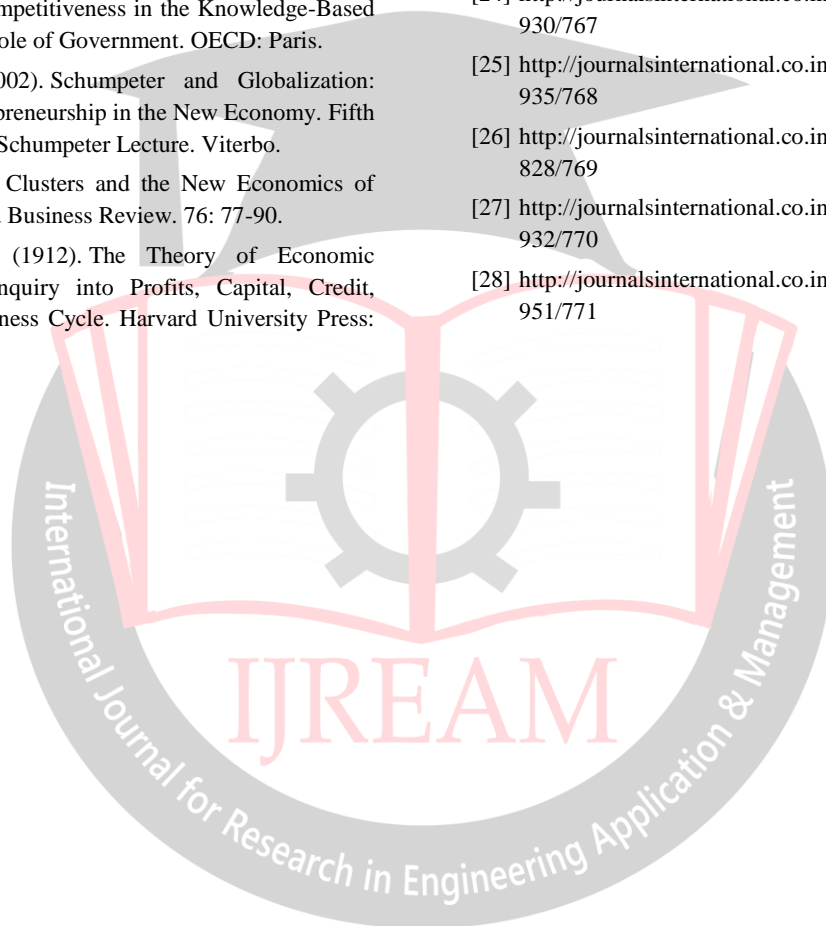
The fiscal profile of the new all in all economy has been driven by progress, fuelled by advancement and longing movement, and relies on new thoughts, new perspectives, and new business structures. It has opened the most ideal approach to manage new intrigue openings and went about as a redesign for work creation. Meanwhile, the new economy has changed the budgetary scene and realigned the linkages between different fragments of the economy. To state it unmistakably, mechanical improvement and driving advancement are fit as a fiddle in the new in the general economy of the 21st Century.

The new economy has astoundingly changed the major parameters of the budgetary scene and gotten the important stone for this present reality. The activity of information movement in the new economy has been principal. It is particularly veritable in the changing structure of generally speaking creation. General money related trades that at some point prior was driven between free substances are at present being hidden inside a singular firm or by and large alliance. The new imaginative structure has related with relationship to be delinked from age and traded or performed remotely. In this contemporary scene, the market for a creation number of all-around interweaved yet geographically dissipated business endeavors is far and wide, rather than national or regional. The internationalization of age is required by the budgetary bits of adequacy. At the day's end, the stunning cost of information progress and the exceptionally skilled work used in the developing strategy, require a demonstrating recognizing quality that thinks about a general market instead of a little national market. The money related heartbeat of the new economy is the general business visionary.

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# Silence at workplace: Does silence represent domination or submission?

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**Abstract** - Globally organizations today are focusing on an interesting aspect of the workforce – their silence. Silence of the employees is a phenomenon that is playing a significant role in the work relations and the environment that exists in any organization. This research focuses to answer a key question of why do employees actually resort to silence. Is it that they are proving their supremacy or simply out of respect and fear of repercussions, they chose not to speak up? The primary data of this paper comes from interviews conducted with six working professionals coming from different backgrounds and working in different types of workplaces. The research methodology adopted is an exploratory research that follows a qualitative research methodology using inquiry technique to data collection and data analysis. The results indicate the importance of silence as an important tool of non-verbal communication and also its multi-dimensional impact on people encountering it.

**Keywords:** Organizational silence; absence of voice; employees' silence; dominance; submission, power, conspiracy

**Reference to this paper should be made as follows:** Varshney, K., Sujatha, R. (2019) 'Silence at workplace: Does silence represent dominance or submission?'

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## I. INTRODUCTION

In organizations, silence is understood as a mechanism that each and every individual uses or even comes across everyday in order to avoid or tackle various situations. For some it's the hierarchy that makes them resort to silence while others do so out of respect or concern for the other person. Many believe that the higher up in the hierarchical ladder one is placed, the more silence is practiced. In the workplace, pausing & thinking before reacting is much wiser than speaking something which might be regretted later. Also in the organizations, if people are pulled out of their comfort zones, such as being assigned a new team or a new project or given a new role or a change in an environment or even a new organization altogether, silence becomes the best retreat. This is why 'ice-breaking' sessions are held to avoid this silence. It is said that the only thing that breaks the moment it is said is silence. According to a research conducted by VitalSmarts and the Concours Group titled "Silence Fails: The Five Crucial Conversations for Flawless Execution" (2014), less than one in five managers involve themselves in important conversations required to effectively get the work done.

Even if they do engage themselves in any conversation it is meaningless or ineffective or there is a gap between understanding by the team and manager's intentions. This further creates a situation of silence in the organization as employees fear to speak up. 'Project Chicken', of the same study highlights a crucial problem that plagues the organization i.e. how leaders and members usually choose to remain silent and wait for some other person to speak up in case of problems within a project. Further the role of silence can be greatly explored when we refer to groups or teams. As can be understood by the group theory, forming and storming stages of a group dynamics encounter silence to a great extent. This is because when the group is formed members tend to keep quiet as they are simply observing each other and trying to figure out what needs to be spoken and how. Also in the storming stage there are ego clashes and idea conflicts where some resort to silence. The silence in organization needs to be interpreted if it symbolizes dominance or power or if it brings out the submissive and a defeated attitude in individuals. Also companies at times of scandals or in negative image building situations choose a policy of 'No Comments'. As per a research conducted by Uhlmann et al. (2010), companies which rely on

not commenting on issues to defend themselves actually are understood by its stakeholders as a way to deny guilt or take responsibility. Thus their silence can actually have a reverse effect on them.

The propositions of this study would focus on:

- To understand silence as domination in work-place.
- To understand silence as submission in work-place.

## II. REVIEW OF LITERATURE

Silence according to Oxford dictionary can be defined as the fact or state of abstaining from speech. Sisson (2014) in his article 'Understanding the meaning...' explains silence not as absence of sound, but a way to reach the senses of our mind. It signifies that silence can help us to restart our sensory machine based on some rational constructs leading to decisions such as organizing the day, problem solving etc.

### 2.1 Types of Silence

(Are there different types of silence or is silence absolute? Do different people experience silence differently?)

Silence is of different types with respect to different context.

#### 2.1.1 Communication

- Fear induced silence: This type of silence comes when there is power imbalance between the two parties in communication. A person might disagree but is afraid to express his/her disagreement. Fear could also arise from fear of hurting the other person.
- Doubt induced silence: When there is doubt about the kind of reception/ feedback one might get, the speaker might remain silent.
- Politeness induced silence: When the listener does not want to offend the speaker.
- Preoccupied Mind: When the person is thinking of something else and mentally is not the part of the conversation taking place in front of him.
- Confusion/ Dilemma: When the person is confused and does not know how to put his feelings or thoughts into words
- Waiting: When person is waiting for the right moment to speak
- Shyness induced silence

#### 2.1.2 Organizational Silence

Van et al. have come up with three types of silences with respect to organization<sup>1</sup>

- Acquiescent Silence: It means a person agrees to something by being silent

- Defensive Silence: Intentional silence in fear of punishment and / or revenge
- Pro-social Silence: Silence to preserve the information privy to organization for example non-disclosure clauses that bind employees to be silent about organization's proprietary information and its intellectual property.

#### 2.1.3 Miscellaneous Contexts/ Types

- a. Meditative Silence
- b. Silence in Music: between notes
- c. Conspiratorial Silence
- d. Negative Silence: Having negative effect
- e. Positive Silence: Having positive effect
- f. Awkward Silence: in between conversations
- g. Silent treatment<sup>2</sup>: It is a form of negative silence and has three sub categories:
  1. Masking
  2. Avoiding
  3. Withdrawing
- h. Mindful Silence: It means deep thinking and reflection which actually leads to loud awareness
- i. Silence caused by Death

Paul Goodman has described nine kinds of silence in his 1972 masterpiece *Speaking and Language*:

- a. Dumb Silence
- b. Sober Silence
- c. Fertile Silence of awareness
- d. Alive Silence of alert perception
- e. Musical Silence
- f. Silence of listening
- g. Noisy Silence of resentment and self incrimination
- h. Battled Silence
- i. Silence when there is union with the cosmos

### 2.2 Organizational Silence and its Effects

It is important to realize that organizational silence is a behavioral choice and therefore silence in organization can have both positive and negative effects. We will first discuss the effects on employees and then effect on organization as a whole.

#### 2.2.1 Effect on Employees

Effects on employees can be further sub-studied in terms of

##### 2.2.1.a. Effect of management's silence on employees

- When an organization is silent on certain issues that directly influence the performance, motivation and morale of the employees then it has a negative effect on

<sup>1</sup> Bagheri et. al (2012), Organizational Silence (Basic Concepts and Its Development Factors)

<sup>2</sup> Crucial Conversations –tools for talking when stakes are high by Patter-son, Grenny, McMillan and Switzler



them. For example, no policy on extra time or not remunerating in accordance with the extra time the employees put in will reduce the motivation of employees to put in hard work as they realize that the reward in return of their extra work and time is not proportionate. This thus gives rise to lack of interest in new projects, resistance towards new projects and lowering of efficiency of people.

- When management does not regularly communicate the organization goals to its employees then employees may feel directionless or goal less. This again hits their motivation to work assigned to them as they do not have a larger picture in their mind regarding the goal which is eventually intended to be achieved by the organization. Overall this affects organization's capability to achieved its goals.

#### **2.2.1.b. Effect of silence of employees on each other - effect of personal attitudes**

- Interpersonal relations among employees also influence their work in the organization. Silence in their relationships as colleagues may lead to lack of communication of important points related to team work and may thus lead to poor outcomes or inefficiency in the system.
- Employee silence may also lead to increased level of stress and psychological problems in the employees. This happens when the employee witnesses an apparent injustice but is not able to raise his or her voice and neither receives support from colleagues and senior management.

#### **2.2.1.c. Effect of environmental silence on employees**

- Silence in working atmosphere can help improve concentration and efficient of the employees
- At the same time there should be pleasant distracters at regular interval so that the attention span and their concentration levels do not fall down with time. Role of human resource department in providing pleasant distracters become critical. Different organizations have tried innovative ways of providing pleasant distracters such management games or surprise events in between works.

#### **2.2.2 Effect of silence on Organization<sup>3</sup>**

- Increased level of employee dissatisfaction
- Absenteeism
- Increased Turnover
- Kills Innovation
- Defective service and goods delivery

- Damaged Bottom line
- Indifferent Employees
- Reduced Competitiveness of the organization

#### **2.2.3 Factors Influencing Silence**

Analyzing above effects it can be ascertained that following factors do influence silence and its effects on employees and organization.

##### **2.2.3.a. Hierarchy or Position**

Silence at different position of organization has different types of effects. An organization with flat hierarchy structure would have reduced effect of silence because generally there would be several persons at one level of hierarchy to counter the silence of one employee. However, organizations which are pyramidal in nature such as bureaucracy, silence at one level influences the performance of both above and below level functionaries in the hierarchy. Thus, hierarchy has a major influence on silence and its effects.

##### **2.2.3.b. Behavior and Attitude**

Individual behavior and attitude influences one's thoughts, actions and inter personal skills. This in turn affects the whole organization in a chain like effect. Thus, silences of individual behavior translate into effects on individual performances and team performances and later translate into reduced performance of the organization.

##### **2.2.3.c. Organization Policies**

Policies describe the mindset of top management and also describes the choices of the management on what issues it wants to remain silent and on what issues it expects the employees to remain silent. Whenever such policies are in conflict with the individual values, then it causes friction and influences the organization in a negative way.

##### **2.2.3.d. Job Roles**

When job roles are clear and precise then the employees know their work and what is expected of them. However when the organization is silent on job description or job expectations then it causes confusion and dilemma and therefore reduced performance.

### **III. RESEARCH METHODOLOGY**

This study is an exploratory research that follows a qualitative research methodology using inquiry technique for data collection and data analysis.

The main idea behind this study was to understand how silence as a phenomenon is today affecting the individuals in the organization. Also how this silence of employees is affecting the organizations as well. Silence being a behavioral characteristic of human being, needs to be studied and understood from experiences of various individuals. To understand 'the meaning of silence', needed a form of

<sup>3</sup> Bagheri et. al (2012), Organizational Silence (Basic Concepts and Its Development Factors)

research methodology which would reflect an individual's take on silence.

Every person has his/her own perception of silence which may be difficult to express in the form of structured or unstructured questionnaires. Thus a subjective inquiry approach could only do justice to this topic which is directly related with human psychology instead of an objective study.

For this research a sample of 6 individuals at various levels of hierarchy in different organizations contributed to narratives. The idea was to gain the experience of people belonging to the entire range of a pyramidal hierarchy structure i.e. from CEO to a new joiner to bureaucrats. Also, the sampled population constituted of 1 female and 5 males.

As a researcher it was imperative to maintain the confidentiality of the sampled population. The samples were allowed to tell their experiences related to the topic of research freely. However as a researcher brief questions were asked in order to focus the interviewer's views on the topic and not to deviate from them. As a researcher an unbiased approach was adopted towards all the samples. The narratives were conducted in a completely ethical manner.

Below variables were identified for laying down the objectives and prepositions for this research:

- Hierarchy Level or Position
- Communication
- HR Policies
- Behavior of Employee
- Organizational Culture
- Job Role

The propositions of this study would focus on:

- To understand silence as domination in workplace.
- To understand silence as submission in workplace.

#### IV. DISCUSSIONS AND ANALYSIS

Silence in the present organizational context has several meanings and usage. This research has brought to light the meaning of silence at workplace. Not only were we able to identify silence as being an indicator of dominance and submissiveness from our research but various other themes also emerged after careful analysis.

From our interviews we were able to conclude the following:

##### 4.1 Themes of Silence

###### 4.1.1. Silence as domination/power

Individuals explained that in an organization many a times silence is used mainly because of the designation. If someone is placed higher up the hierarchical ladder, then he/she

is faced with myriad problems from subordinates or clients etc. to which they cannot immediately provide any solution. Therefore, keeping silent at that instant gives them a window to think before committing to solving anyone's grievances, requests, favors etc. as they must be very cautious of what comes out of their mouth as words once spoken can't be taken back. At times bosses are displeased or don't approve of some employee's behavior, attitude, or work quality and use their silence to express the employee their concerns or displeasure or being observant of their actions. Also remaining silent can be used as a sign of warning or a precursor to some changes that are about to take place such as promotions, laying off, management restructuring etc. Thus, silence gave an upper hand in analyzing any situation.

###### 4.1.2. Silence as submission

Employees feel that one of the various forms that silence manifested in as submission. Based on the interviews it was deduced that employees resort to silence as submission when the inherent consultative structure of the organization is not democratic and more of authoritative in nature. Creative employees who don't get the freedom or flexibility to work as they please, silently submit to the authoritarian decision making. The fear of speaking or being mocked forces them to submit to the demands by remaining silent. This way it is not just the employee that suffers but also the organization gets bereft of the creative inputs of the employees.

###### 4.1.3. Silence as conspiracy

At times silence echoes an evil plot or a destructive plan. It is believed that before a major thunderstorm there is a unique stillness and calmness prevailing. Instances such as a bankruptcy or some unethical practices or layoffs etc. are all discussed in hush-hush manner in the organizations. The upper management usually tends to remain silent on such strategic issues. Also when colleagues plot against their peers or team against their manager, silence represents conspiracy.

###### 4.1.4. Silence as witness

In the organization we are witness to certain wrong doings, or unethical practices or some confidential information. But due to the prevailing circumstances we are unable to speak up. Thus using silence as a witness.

###### 4.1.5. Silence to avoid controversy

Many people resort to silence in order to avoid any controversial situation. They believe it is better to remain silent and avoid rather than confronting anyone or fueling some difficult scenario.

###### 4.1.6. Silence as perseverance

Sometimes in the workplace, employees choose to remain silent even if they are feeling stressed out, pressurized, threatened, unwell etc. just because they fear termination or loss of their job. It might be due to their financial condi-

tions or certain liabilities that they cannot afford to lose their job. Hence silence becomes a tool of perseverance for such individuals.

#### 4.2 Silence Checklists

After analyzing our narratives we summarize and answer the following:

- Is silence relevant in workplace?

Statements	R 1	R 2	R 3	R 4	R 5	R 6	Total
Yes, it is relevant	✓	✓	✓	✓	✓	✓	6
No, it is not relevant							0

Table 4.2.1 Relevance of silence at work place

All the sampled individuals emphasized that silence was very relevant from an organizational context.

- Various interpretations of silence at workplace

We can try and tabulate and understand themes of silence as per their occurrence in the narratives:

The table 4.2.2 emphasizes how all individuals believed that silence is both power as well as submission. Also they all expresses silence as perseverance. 4 of these also believed that to avoid controversy manipulations can be done with the help of silence. Silence as conspiracy and witness becomes person and situation specific as explained by 2 individuals.

Statements / Respondents	R 1	R 2	R 3	R 4	R 5	R 6	Total
Silence as domination/power	✓	✓	✓	✓	✓	✓	6
Silence as submission	✓	✓	✓	✓	✓	✓	6
Silence as conspiracy				✓	✓		2
Silence as witness			✓	✓			2
Silence to avoid controversy	✓	✓	✓			✓	4
Silence as perseverance	✓	✓	✓	✓	✓	✓	6

Table 4.2.2 Occurrence of themes of silence in narratives

#### 4.3 Silence Grid

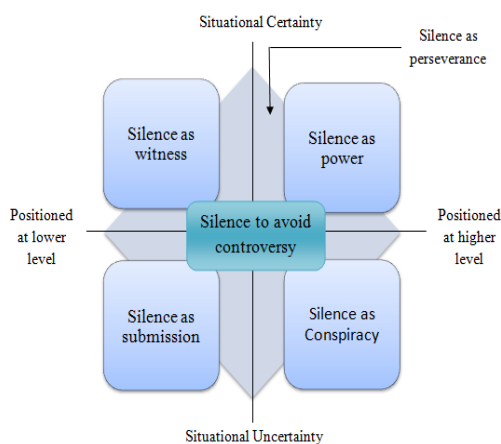


Fig 4.3.1 Silence Grid

Silence grid can be used as an effective tool to understand how situations and hierarchical positions can lead to various forms of silence.

In this grid the X-axis is the positional axis which from left to right shows an increase in the position or designation of the employee. Left being employees positioned at lower level and right being employees positioned at higher level.

The Y-axis is the situational axis which represents the situation/context/circumstance w.r.t either an employer or an employee at the top describes the certainty of the situation where it is known exactly what is happening and why it is happening. The bottom of the axis describes situational uncertainty where things are not very transparent or clear and there is dilemma or chaos.

When placed at a higher position (such as a team leader) and there is certainty in situation then silence is most likely to be used as domination, authority, power or control. An individual chooses to remain silent in order to command a control over the situation or get things done his way or to make the subordinate learn.

When placed at higher position (such as top-level management) and there is some uncertainty in the situation, then silence as conspiracy can become a dominant characteristic of individuals. This is because there may be changes taking place whose consequences may be uncertain. For example layoffs might be round the corner due to bankruptcy. So silence is used here to avoid the truth to flow down to the lower level.

When placed at lower level and the situation is certain, silence is likely to be practiced in order to hide an important information, or because of being blackmailed or fear or threat. Thus, silence as witness can be the indicative form here.

When placed at lower level and there is situational uncertainty, we are likely to do as being told and out of respect resolve to be silent and hence silence as submission.

However, silence to avoid controversy is the mid-way. In organizations amongst peers, or amongst colleagues or in any situation conflicts or controversies can take place. Remaining silent in such conflicting situations is a way to avoid the worst consequences.

Lastly silence as perseverance almost all people in the workplace practice sometime or the other in any given situation irrespective of the hierarchy. Thus in the grid it is symbolized behind all the quadrants.

## V. CONCLUSION

This research has shown that not only does silence represent domination or submission at workplace but has also brought to light its relevance and various interpretations. Silence is nowadays a widely used tool for discourse at workplace. Every individual at every level in the organization practices silence sometimes or the other. For each the

need for remaining silent and its context varies depending on where they are positioned and what situation they are in. However, from this study we understand that keeping silent is always a choice of the individual.

This study has also helped in highlighting the various themes under which silence can be broadly classified. Also a silence grid representing the contextual relevance of silence has been constructed. This research, from the narratives of the people, has drawn out various expressions showing that how silence can be both beneficial as well as a barrier in the workplace.

Benefits of silence in the workplace as derived from our study are:

- Maintains discipline and conducive working environment
- Helps in earning respect of others
- Avoidance of conflicts
- Controlled spreading of rumors and grapevines
- Aids in staying focused and concentrating on the work
- A tool for aiding learning or reinforcement of required behavior

However at the same time silence can act as a great barrier also in the workplace.

- Leads to poor communication
- Encourages fear and threat in the minds of employees
- Produces unnecessary domination or subordination
- Leads to rigidity in the working styles
- Leads to increased frustration and stress in the employed human resources.
- Leaves unanswered queries leading to dilemmas and conflicts
- Creates poor image in the eyes of stakeholders if the organization remains silent on controversial issues
- Creates non conducive working environment
- Encourages job or role discrepancies

Thus silence has been understood to be both positive and negative. It is very important that organizations today focus on the silence of their employees and provide them opportunities to speak up. ‘Great place to work’ organizations have facilitated open channels of communication for employees thus enhancing employee satisfaction as well as increased employee commitment.

## VI. SUGGESTIONS

The organizations which are still into hierarchical structures cannot choose to ignore silence. Because it is mostly at such places that employees are being silenced due to some reason or the other which is having a great impact not only on the employees but the organization as well.

A great emphasis must be laid on the organizational policy ensuring that employees are not being affected, leading them to remain silent on various issues.

The policies must focus on the following:

- Adopting ‘open-door’ policy
- Encouraging ‘skip-level’ meetings
- Protection to ‘whistle-blowers’
- Quick & rapid grievance redressal
- Trainings for effective communication
- Round table discussions & brainstorming
- Healthy & conducive work environment

A basic suggestive framework is also being laid down in understanding silence in workplace.

(Fig. 6.1)

The Level 1 focuses on finding out who, why, where and in what context is practicing silence. For example, a subordinate is keeping silent in a boardroom because all the seniors are present and he feels that if he speaks, his opinion will be irrelevant or rejected.

Next at Level 2 the silence needs to be diagnosed as positive or negative i.e. whether it is good or bad. Accordingly, an estimation and analysis needs to be done as to what will be the impact of this silence on organization as well as on employee.

At Level 3 certain measures in terms of policy, job role etc. needs to be thought of so as to enhance, sustain or curb this silence depending upon its impact.

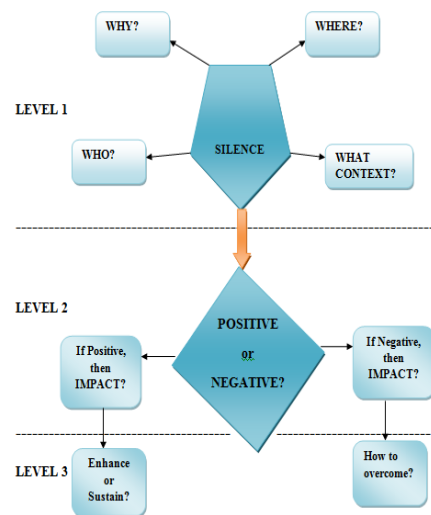


Fig 6.1 A suggestive framework for silence in workplace

Thus, if the organizations adopt a basic framework, such as the one suggested, in its very ideology itself then it will automatically translate into lower attrition rates, greater employee commitment and satisfaction and above all enhanced productivity and thus profits.

## VII. CHALLENGES

The present research has a small sample size due to the subjectivity of the research topic involved. Also it being a phenomenological and a narrative study, it was time consuming and coordinating with the sampled individuals was an effort in itself.

However in future, this research can be further carried forward on a larger sample size belonging to diverse professions and organizations over a great geographical area.

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# Financial Risk Management in Contemporary Times in Indian Securities Market

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**Abstract** - Risk management occurs everywhere in the financial world. In the financial world, risk management is the process of identification, analysis and acceptance or mitigation of uncertainty in investment decisions. Essentially, risk management occurs any time an investor or fund manager analyzes and attempts to quantify the potential for losses in an investment and then takes the appropriate action or inaction given his investment objectives and risk tolerance. Stockbrokers use financial instruments like options and futures, and money managers use strategies like portfolio and investment diversification, in order to mitigate or effectively manage risk.

The birth of modern theory of investment can be traced to Markowitz when he developed the portfolio theory. The market return on a stock can be approximated by estimating the required or expected return using the Security Market Line (SML) and the Capital Asset Pricing Model (CAPM).

This paper attempts to test the validity of Technical Risk Ratios of Beta, Alpha, Standard Deviation, R-squared and Sharpe ratio used for statistical measurements in Modern Portfolio Theory in contemporary times in Indian Stock Market. All of these indicators are intended to help investors determine the risk-return profile of an investment. Also an attempt is made to study the effect of various advanced strategies of financial risk management on investors.

**Keywords:** Risk management, Modern Portfolio Theory, Capital Asset Pricing Model (CAPM), Alpha, Beta

## I. INTRODUCTION

Risk management encompasses the identification and analysis of uncertainty along with an attempt to either accept or mitigate it in the real financial world. It is an endeavor to evaluate the loss potential in an investment to further the decision of acting upon or not acting upon depending on the level of risk tolerance. Risk management process is all pervasive in the financial world. All financial market players may it be investor, fund manager, stockbroker or bank constantly are working towards the task of risk mitigation and effective management of risk. Various strategies of such as hedging, credit check, futures and options, portfolio and investment diversification are being used by various market players at different times.

In the past up to the time till the modern theory of investment came into existence by the development of portfolio theory developed by Markowitz in 1950s, the investors were not in knowledge of the modern concepts of risk and return. The investors were aware of the concept of diversification but it was mathematically first developed by Markowitz. Diversification means holding a portfolio i.e. mix of assets may be it be real or financial in a certain proportion that leads to overall reduction in risk exposure of an investor. The theory of Markowitz proves that

balancing of investment is an effective strategy for risk reduction. This possibility of risk reduction emerges if securities do not move together with the other stocks in the portfolio. This enables investors to create portfolios to garner highest possible expected return for a given level of risk or minimum risk for a given level of expected return.

The Markowitz's theory also known as mean-variance analysis assumes that investor decisions are based only on mean and variance of return. The investors' preference is towards the portfolio that generates highest return and lowest possible return variance where the variance dispersion is taken as an appropriate tool for risk measurement.

This theory further led to the development of capital asset pricing model (CAPM) model which depicts the relationship between systematic risk and expected return for assets, particularly stocks. CAPM is widely used in finance for the pricing of risky securities, generating expected returns for assets given the risk of those assets and calculating costs of capital.

There are five main indicators of investment risk that apply to the analysis of stocks, bonds and mutual fund portfolios. They are Alpha, Beta, R-squared, Standard Deviation and the Sharpe Ratio. These statistical measures are historical predictors of investment risk/volatility and

they are all major components of modern portfolio theory (MPT). MPT is a standard financial and academic methodology used to assess the performance of equity, fixed-income and mutual fund investments by comparing them to market benchmarks. All of these risk measurements are intended to help investors determine the risk-reward parameters of their investments.

Here is a brief explanation of each of these common indicators:

**Beta**

Beta or Beta coefficient is the measurement of risk or volatility being used in CAPM for calculation of expected return of a stock or an asset based on market returns. Beta represents the tendency of a security's returns to respond to swings in the market.

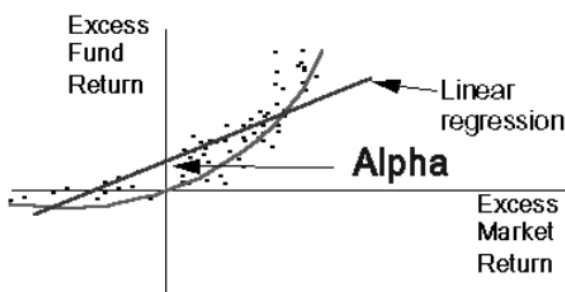
A security's beta is calculated using regression analysis by the following formula:

$$\beta_p = \frac{Cov(r_p, r_b)}{Var(r_b)}$$

Here the covariance the security's returns are divided by variance of the benchmark's returns over a specified period.

**Alpha**

Alpha may be defined as the excess return, abnormal return or the active return on an investment in relation to the return generated from benchmark index. It is a measure of performance of an investment expressed in a form of a number referring to the percentage depicting the performance of an individual stock or portfolio in comparison to benchmark index. It is used alongside beta for risk measurement and analysis. Alpha when includes a risk adjusted component is referred to as "Jensen's alpha."



**Standard Deviation**

Standard deviation measures the dispersion of data from its mean. Basically, the more spread out the data, the greater the difference is from the norm. In finance, standard deviation is applied to the annual rate of return of an investment to measure its volatility (risk). A volatile stock would have a high standard deviation. With mutual funds, the standard deviation tells us how much the return

on a fund is deviating from the expected returns based on its historical performance.

It is calculated by using the following formula:

$$\sigma = \sqrt{\frac{\sum(\chi - \mu)^2}{N}}$$

Where:

x = a data point or observation

μ = the data set's average

N = number of data points

**R-squared**

R-squared is based on regression model and is a statistical measure indicating the level of variation of a dependent variable as explained by independent variable. It is generally interpreted as the percentage of a fund portfolio or a security's movements that can be explained by movements in a benchmark index. The Coefficient of Determination denoted R<sup>2</sup> and pronounced R squared, gives the measure of percentage of movements of an individual stock in comparison to benchmark index.

The Formula for R-Squared is:

$$R^2 = 1 - \frac{Explained\ Variation}{Total\ Variation}$$

**Sharpe Ratio**

The Sharpe Ratio developed by William Sharpe presents an analysis into the factors that lead to earning of returns for investors. It makes distinction between wise investment decision making and risk adjusted performance. This measurement is useful because while one portfolio or security may generate higher returns than its peers, it is only a good investment if those higher returns do not come with too much additional risk. The greater an investment's Sharpe ratio, the better its risk-adjusted performance.

The Formula for Sharpe Ratio is:

$$Sharpe\ Ratio = \frac{R_p - R_f}{\sigma_p}$$

Where:

R<sub>p</sub> =return of portfolio

R<sub>f</sub>=risk-free rate

σ<sub>p</sub>=standard deviation of the portfolio's excess return

**II. REVIEW OF LITERATURE**

Researchers in securities market have attempted to understand the relationship between risk and returns and the way securities are priced in the market. These researchers have assumed rational investors and

constructed the general equilibrium models of security prices and returns.

The general equilibrium models of the pricing of capital assets were in vogue when a standard was being developed by Sharpe (1964) and Treynor (1961). It was further explained by Lintner (1965a;1965b), Mossin (1966), Fama (1968a; 1968b), and Long (1972). Also Treynor (1965), Sharpe (1966), and Jensen (1968; 1969) have developed portfolio evaluation models. These models are based on assumption that mean and variance are the main factors governing investor behavior. These models result into development of theory of portfolio analysis and investment management with special emphasis on systematic risk and expected risk premiums

Further CAPM was developed by the studies conducted by Brennan(1971), Black(1972), Fama and Macbeth(1973), Black, Jensen and Scholes (1972). Then the studies conducted by Fama and French(1992,1996) questions the validity of CAPM model and presents empirical evidence against the model.

In Indian context, studies by Varma (1988), Yalwar (1988), Srinivasan (1988) were in validation of the CAPM model. Basu (1977), Gupta and Sehgal (1993), Vaidyanathan (1995), Madhusudhan (1997), Sehgal(1997), Ansari(2000), Rao(2004), Manjunatha and Mallikarjunappa (2006,2007) however present empirical evidence against the CAPM and puts a question mark on the validity of CAPM in Indian markets. But Ansari (2000) has opined that the studies of CAPM on the Indian markets are scanty and no robust conclusions exist on this model.

### III. RESEARCH METHODOLOGY

#### Need and objective of the Study

1- To analyze the impact of Beta adjustment for risk analysis on investors

2 - To study the effect of various strategies of financial risk management on investors

**Research Question:** Test of validity of Technical Risk Ratios of Beta, Alpha, Standard Deviation, R-squared and the Sharpe ratio used in Modern Portfolio Theory in contemporary times in Indian Stock Market.

**Data Collection:** The study is primarily based upon secondary data collected through official website of NSE and various published sources like reports, magazines, journals, newspapers and like etc.

**Research Design:** Quasi Experimental and Exploratory Design

- Quantitative data has been used for the purpose of analysis.
- The geographical area of the research work was India.

#### Variables

- Independent variable: Average Daily Prices of 10 companies listed on NSE. The Companies selected are Bajaj Auto, Bharti Airtel, Dr. Reddy, HCL, Hero Motocorp, Hindustan Unilever, Infosys, NTPC, Reliance Ind. Ltd and Ultratech Cement.
- Dependent variable : NIFTY 50

**Duration of the Study:** Two years from January 1, 2017 to December 31, 2018

#### Hypothesis

H<sub>0</sub>: There is no validity of technical risk ratios of Modern portfolio Theory in Indian stock market.

H<sub>1</sub>: There is validity of technical risk ratios of Modern portfolio Theory in Indian stock market.

**Tools Used:** Variance, Standard Deviation, Correlation, Co-Variance, R Squared.

### IV. DATA ANALYSIS & INTERPRETATION

Descriptive statistics provides simple summaries about the sample and about the observations that have been made. Such summaries may be either quantitative, i.e. summary statistics, or visual, i.e. simple-to-understand graphs. These summaries may either form the basis of the initial description of the data as part of a more extensive statistical analysis, or they may be sufficient in and of themselves for a particular investigation.

In our study, we have taken closing prices of 10 stocks on NSE for a period of two years from January 1, 2017 to December 31, 2018 and using closing value of Nifty 50 index as a benchmark calculated the following measures:

**Table 1: Descriptive Statistics**

Name of Stock	Mean	Variance	Co-Variance	Correlation
Bajaj Auto	0.0194	1.54	0.32	0.11
Bharti Airtel	0.0200	3.28	0.25	0.20
Dr. Reddy	- 0.0185	2.74	0.19	-0.61
HCL	0.0390	1.85	0.13	0.76
Hero Motocorp	0.0148	1.60	0.26	0.05
Hindustan Unilever	0.1665	1.12	0.28	0.92
Infosys	- 0.0389	6.71	0.29	0.24
NTPC	- 0.0152	1.11	0.22	-0.13
Reliance Ind. Ltd	- 0.0558	7.08	0.49	-0.25
Ultratech Cement	0.0456	1.79	0.60	0.38

The market return on a stock can be approximated by estimating the required or expected return using the CAPM's SML.

The formula for calculating the expected return of an asset given its risk is as follows:

$$k_x = k_{RF} + (k_M - k_{RF}) b_x$$



where:

$k_X$  is the required return on stock X

$k_{RF}$  is the risk-free rate (return on three-month T bills)

$k_M$  is the return on the market or on an “average” stock (usually estimated through a market index)

$\beta_X$  is stock X’s beta, the measure of its market risk

The basic concept working in CAPM theory is the concept of time value of money and risk.

$k_{RF}$ , the risk-free rate is the compensation of time value of money for investing in a certain stock for a certain period of time.

$k_M - k_{RF}$ , the risk premium in the formula is the compensation for taking extra risk by an investor.

$\beta_X$ , Beta is the measure of this risk comparing the market returns of the stock for a time period and market premium. Beta can be depicted as a measure of risk and market volatility and inter relationship of an individual stock and market depicted by way of correlation.

To test the validity of CAPM, we have also calculated the technical risk ratios of 10 stocks on NSE for a period of two years from January 1, 2017 to December 31, 2018 and using closing value of Nifty 50 index as a benchmark. As per the CAPM, risk free security’s return has no sensitivity to market rate of return. It means  $\beta$  of risk free security is 0. Now we have calculated the technical risk ratios of 10 selected stocks and our market portfolio Nifty. For calculating the expected return we have taken Treasury bill yield as risk free return which approximated to 6% in the years under review as per RBI records.

According to CAPM model  $\beta$  (Systematic Risk) is the main determinant of excess return on any portfolio. Although total risk in investing any security, is the sum total of systematic and unsystematic risk. But CAPM says that unsystematic risk can be reduced by diversifying our portfolio. So it is the systematic risk which explains excess return on any security.

For CAPM to hold Alpha ( $\alpha$ ) should not be statistically significant and Beta ( $\beta$ ) which measures the sensitivity of portfolio with market portfolio should be statistically significant.

Conditions to satisfy CAPM:

1. First and foremost the value of  $\alpha$  should not be statistically different from 0.
2. The value of  $\beta$  should be positive and should be statistically different from 0.

**Table 2: Technical Risk Ratios used in MPT and Expected Return as per CAPM**

Name of Stock	Beta	Alpha	Standard Deviation	R Squared	Sharpe Ratio	Expected Returns
Bajaj Auto	0.90	0.05	1.24	0.01	-0.02	6.90%

Bharti Airtel	0.82	0.05	1.81	0.04	0.02	6.82%
Dr. Reddy	0.53	0.08	1.66	0.37	-0.04	6.53%
HCL	0.37	0.02	1.36	0.58	-0.01	6.37%
Hero Motocorp	0.75	0.05	1.27	0.00	-0.03	6.75%
Hindustan Unilever	0.79	-0.10	1.06	0.84	0.11	6.79%
Infosys	0.82	0.11	2.59	0.06	-0.03	6.82%
NTPC	0.63	0.08	1.05	0.02	-0.06	6.63%
Reliance Ind. Ltd	1.36	0.13	2.66	0.06	0.00	7.36%
Ultratech Cement	1.70	0.03	1.34	0.14	0.00	7.70%

## V. FINDINGS

As is evident from our data analysis, the value of Alpha is low and is near to 0 in most cases. Also the value of Beta is always positive and is significant.

Thus, in above analysis both the conditions of CAPM are satisfied and we can say that the CAPM can be used in Indian stock market to evaluate the return on security/portfolios. In this model Excess return of market (Reward for bearing risk of 1 $\beta$ ) and the portfolios  $\beta$  or risk are the most significant determinants of the return on any portfolio.

## VI. CONCLUSION

Analysis of Risk-return relationship on Indian Stock Market showed that CAPM is satisfied. So, we can say that the CAPM can be used in Indian stock market to evaluate the return on security/portfolios which also suggest that Excess return of market (Reward for bearing risk of 1 $\beta$ ) and the portfolios  $\beta$  or risk are the most significant determinants of the return on any portfolio. We can also conclude that  $\beta$  is the best measure of risk which explains the risk-return relationship and Capital Asset Pricing model equation explains the excess return.

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# Capital Asset Pricing Model -An Empirical Study of BSE Sensex Companies in India

## Sub Theme: Indian Economy- The Present Scenario

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**Abstract - Capital Asset Pricing Model is an important part of the financial theories taught in MBA course. It demonstrates a linear relationship between the expected return and risk of an investment. The model breaks up risk into systematic risk and unsystematic risk. It is based on the relationship between assets beta, risk free rate and equity risk premium. Its implementation continues to generate debate amidst scholars arguing that the CAPM is based on unrealistic assumptions.**

**The aim of the present study is to find the applicability of CAPM on Indian Security market with reference to the 30 companies comprising BSE Sensex. We shall be using descriptive, relational and inferential statistics to establish the association between risk and return of companies of BSE Sensex.**

**Keywords CAPM, Sensex, Risk, Beta, Security Returns, Market Returns**

### I. INTRODUCTION

Capital Asset Pricing Model (CAPM) given by William Sharpe (1964) and John Linter (1965), who got the Noble Price for the asset pricing theory, is one of the most important theories of MBA Investment courses.

Five decades later, the CAPM is still being applied in applications such as determining the cost of capital for firms and assessing the performance of managed portfolios. However the empirical evidence on the CAPM is mixed, it is widely used because of the precious understanding it offers and its accuracy is deemed satisfactory for most practical applications.

CAPM Model is an exercise in positive economics. It predicts the relationship between the risk of an asset and its expected return. This relationship is very useful in two important ways:

- a) It produces a bench mark for evaluating various investments. To illustrate, when we are examining a security we are interested in knowing whether the expected return from it is in line with its fair return as per the CAPM.
- b) It helps us to make an informed guess about the return that can be expected from an asset that has not yet been traded in the market. For example how should a firm price its initial public offering of stock?

The CAPM's empirical problems may reflect conceptual shortcomings, the result of many simplifying assumptions. The underlying assumptions of CAPM are:

- 1) Individuals are risk averse
- 2) Individuals seek to maximize the expected utility of their portfolio over a single period planning horizon.
- 3) Individuals have similar expectations- they have identical subjective estimates of the means, variances and co variances among returns.
- 4) Individuals can borrow and lend freely at a riskless rate of interest.
- 5) The market is perfect: there are no taxes; there are no transaction costs; securities are completely divisible; the market is competitive.
- 6) The quantity of risky securities in the market is given.

### The Logic of the CAPM

The CAPM has been built on the model of portfolio choice developed by Harry Markowitz (1959). In Markowitz's model, an investor selects a portfolio at time t-1 that produces a stochastic return at t. The model presumes investors are risk fearing and, when choosing among portfolios, they worry only about the mean and variance of their single period investment return. As a result, investor opts for "mean-variance-efficient" portfolios, such that the portfolios:

- 1) Diminish the variance of portfolio return, given expected return, and

2) Augment expected return, given variance.

Hence Markowitz approach is normally called a “mean-variance model.” The portfolio model gives an algebraic condition on asset weights in mean-variance efficient portfolios.

The CAPM changes this algebraic statement into a verifiable forecast about the relation between risk and expected return by determining a portfolio that must be efficient if asset prices are to clear the market of all assets.

Figure 1 -- Investment Opportunities

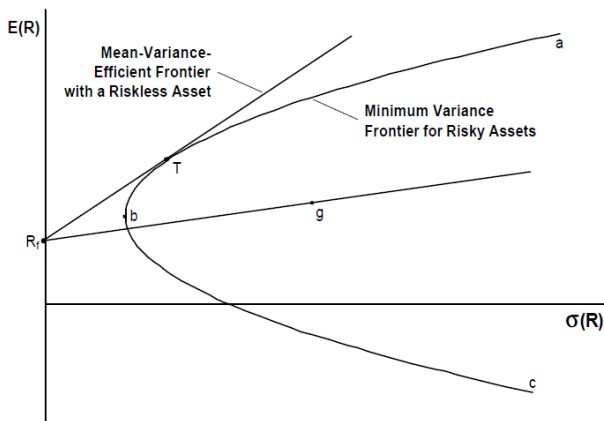


Figure 1 illustrates the portfolio fortuities and narrates the CAPM tale. The horizontal X axis shows portfolio risk, calculated by the standard deviation of portfolio return; the vertical Y axis shows expected return. The abc curve, is called as the minimum variance frontier, follows combinations of expected return and risk for portfolios of risky assets that reduces return variance at different levels of expected return. (These portfolios do not include risk free borrowing and lending.) The arrangement between risk and expected return for minimum variance portfolios is obvious. For instance, an investor who wants a large expected return, at point a, must welcome high volatility. The investor can have a transitional expected return with diminished volatility at point T. If there is no risk free borrowing or lending, then only portfolios above b along abc are mean-variance-efficient, because the portfolios also augment expected return, with their return variances.

When risk free borrowing and lending are added it changes the efficient set into a straight line.

If we take a portfolio that invests the part x of portfolio funds in a risk free security and 1-x in some portfolio g. If entire funds are infused in the risk free security – particularly if they are loaned at the risk free rate of interest – the outcome is the point Rf in Figure 1, a portfolio with zero variance and a risk free rate of return. Aggregate of risk free lending and positive investment is g plot on the straight line between Rf and g. Points to the right of g on the line represent borrowing at the risk free rate, with the gains from the borrowing used to boost investment in portfolio g.

In short, portfolios that combine risk free lending or borrowing with some risky portfolio g plot along a straight line from Rf through g in Figure 1.

To get the mean-variance-efficient portfolios available with risk free borrowing and lending, one swings a line from Rf in Figure 1 up and to the left as far as possible, to the tangency portfolio T. It can be seen that all efficient portfolios are a mix of the risk free asset (either risk free borrowing or lending) and a single risky tangency portfolio, T.

An important significance of CAPM is that it divides risks into unsystematic risk and systemic risk. Unsystematic risk is the risk that belongs to some particular companies or specific industry; it can be dispersed through asset diversification. Systemic risk refers to the inherent risk factors that affect the whole market. It intrinsic exists in the stock market and this risk cannot be eliminated through diversification. The objective of CAPM is to use the assets portfolio to eliminate unsystematic risk; the systematic risk is the only one remains.  $\beta$  coefficient has been introduced in the model to characterize the systemic risk. The model explains there is only one component which explains the return generating process of any asset, which is the systematic risk or the market related risk of that asset. This is why; CAPM is also known as single factor model. This model provides an equilibrium relationship between risk and return, which helps in identifying the underpriced and overpriced assets. This equilibrium relationship is also known as the security market line (SML). SML explains the relationship between the return of asset and beta of asset. But in the late twentieth century the model started losing its popularity as various other theories/ model of asset pricing came into existence, which contradicted the model and claimed that the single factor, beta, cannot explain the return generating process of assets. There are various other factors which influence risk return relationships and those factors should also be taken into account.

This kind of ambiguity prevailing in the financial literature has given the motivation to authors to empirically study the model in Indian context and analyze its nuances. Further the majority of studies have been conducted in the developed market, while developing markets have a very limited studies related to the testing of CAPM. There was no research done post demonetization and GST reforms, hence this gap has also provided enough motivation to conduct this kind of study.

The study covers a period of two years ranging from January 2017 to January 2019. The study found a positive relationship between returns of securities and market returns

## II. LITERATURE REVIEW

All asset pricing theories have been based on the Capital Asset Pricing Model. The trials of this model have been

done across the globe with factual studies and the results of these tests are mixed.

The most important work of Fama and French<sup>1</sup> (1992, 1993 and 1995) disapproved the fact that 'Beta' is the single factor which explains the return initiating process of risky assets. They identified size factor and book to market ratio factor as the two other significant factors, which aid in describing the risk return relationship.

US being a mature capital market, the major studies of empirical testing of CAPM have been done there. Developing countries have a scarcity of such empirical tests of CAPM. We have a very few studies in India on CAPM and findings of these studies are also mixed.

Yalwar<sup>2</sup> (1988) using 20 years of data for 122 firms and Verma<sup>3</sup> (1988) agreed with the applicability of CAPM in the Indian stock market.

Studies by Gupta and Sehgal<sup>4</sup> (1993), Ray<sup>5</sup> (1994), Obaidullah<sup>6</sup> (1994), Vaidyanathan<sup>7</sup> (1995), Madhusoodan<sup>8</sup> (1997) and Sehgal<sup>9</sup>(1997) on the risk return characteristics of Indian market using CAPM contradicted the relevance of CAPM in Indian stock market.

Pettengill, Sundaram and Mathur<sup>10</sup> (1995) endorsed CAPM. On the similar lines Berglung and Knif<sup>11</sup>(1999), Ansari<sup>12</sup> (2000) and Elsas, El-Shaer and Theissen<sup>13</sup> (2003) also affirmed CAPM, indicating a optimistic and statistically noteworthy relationship between average returns and beta.

Sehgal and Tripathi<sup>14</sup> (2005) observed the presence of size effect and value effect in the Indian stock market. They also found that recurrent portfolio rebalancing does not remarkably affect the size premium.

Suntraruk<sup>15</sup> (2006) tested the rationality of CAPM in different market phases. Dhankar and Kumar<sup>16</sup> (2007) described that CAPM helps in making clear the risk return relationship in the Indian market. Choudhary and Choudhary<sup>17</sup>(2010), Reddy<sup>18</sup>(2011) and Bhunia<sup>19</sup> (2012) while scrutinizing the cross-section of Indian stock returns supported CAPM in describing the risk return characteristics of stocks.

All these studies help in identifying the risk aversion of rational investors and point out the indications of CAPM in determining the required rate of return of risky securities.

Hussaina<sup>20</sup>(2015) and Sartaj Hussain and Khalid Ul Islam<sup>21</sup>(2017) disproved the CAPM assumption that, high risk yields high returns, thus initiating divergent results in the Indian context.

This literature review gives mixed kind of indications in support of CAPM. With India on the growth track with reforms like demonetization and GST reforms this empirical testing of CAPM shall give a fresh and larger picture of CAPM and the Indian equity market.

### III. RESEARCH METHODOLOGY

#### a. Objectives of the research work

- 1) To observe the CAPM return for the 30 companies listed on BSE Sensex.
- 2) To inspect the difference between CAPM return and actual return for the 30 companies.
- 3) To remark on the rationality of Capital Asset Pricing Model with respect to BSE Sensex companies.

#### b. Hypothesis

Keeping the objectives in view, the hypothesis developed for the study is:

H0: There is no significant relationship between returns of securities and market returns

Ha: There is a significant positive relationship between returns of securities and market returns

#### c. Nature of Research

This research work is exploratory and empirical in nature with descriptive statistics based on the monthly returns of stock market index - BSE Sensex and 30 companies of the Sensex.

#### d. Population and Sample

The monthly closing prices of 30 companies and BSE Sensex have been taken to compute the risks and returns. The return and risk based on Sensex have been taken for the calculation of market return and market risk, respectively. Sensex represents the major market capitalization on BSE and hence has been taken as a proxy for market portfolio.

#### e. Period of the Study

The study covers a period of two years ranging from January 2017 to January 2019. This period has been purposely chosen as the index witnessed a lot of fluctuation due to demonetization and GST reforms during this period.

#### f. Collection of data Set

The research is based on secondary data. The data used for study is extracted from www.bseindia.com. The period of study is from Jan 2017 to Jan 2019 post demonetization and GST reforms.

#### g. Research Tools

The following research tools have been used in the study:

##### 1. Returns

Rate of return is computed by using the formula:

$$r_{jt} = (P_{j,t} - P_{j,t-1}) / P_{j,t-1} * 100 \dots \dots \dots (1)$$

Where

r<sub>jt</sub>=daily rate of return of stock j in the time period t,

$P_{j,t}$ =daily closing price of stock j in the time period t,

$P_{j,t-1}$  = Monthly closing price of stock j in the time period t -1

**2. Risk of Investment**

Risk of investment is calculated through beta . The common expression for beta is

$$\beta = \frac{Cov(r_a, r_b)}{var(r_a)}$$

where

$r_a$  = Return of the asset

$r_b$  = Return of the benchmark

Cov = Covariance of return of asset and return of benchmark

var = Variance of return of asset

.....(2)

**h. Limitations**

(i) Sensex is an index with a small number of companies. Thus, the limited number of companies does not give us much confidence in estimating beta coefficients, because of the possible chance of error.

(ii) We have calculated beta coefficients for two years during which it has been observed to be highly volatile. It would have been better if we would have done it for a larger period of time say 10 years or even more than that.

**IV. RESULTS AND DISCUSSION**

**Table 1 Descriptive Statistics of The Returns**

Code No. Company	Name of Company	Average Rate of Return	Standard Deviation	Sample Variance	Kurtosis	Skewness	Range	Minimum	Maximum	Count	Beta
500820	Asian Paints	-0.078	1.297	1.68	1.79	-0.282	11.309	-5.808	5.501	516	-0.013
532215	Axis Bank	-0.077	1.785	3.187	3.975	-0.059	18.750	-8.230	10.520	516	-0.167
532977	Bajaj Auto	0.01	1.37	1.88	4.59	-0.33	13.86	-8.73	5.13	516	0.95
500034	Bajaj Finance	0.23	2.03	4.13	3.59	0.58	17.73	-6.76	10.97	516	1.30
532454	Bharti Airtel	0.02	2.04	4.17	4.16	0.88	17.39	-6.60	10.79	516	1.08
533278	Coal India	0.067	1.473	2.170	1.852	0.169	12.433	-5.328	7.105	516.000	0.033
500180	HDFC Bank	0.11	0.92	0.85	2.15	0.21	8.15	-3.79	4.36	516.00	0.72
532281	HCL Technologies	0.05	1.49	2.21	2.33	-0.53	12.16	-7.49	4.67	516.00	0.37
500182	Hero MotoCorp	-0.02	1.42	2.03	3.58	0.25	13.78	-6.20	7.57	516	0.90
500696	Hindustan Unilever	0.15	1.22	1.49	1.27	0.29	9.18	-4.58	4.60	516	0.75
500010	HDFC	0.10	1.34	1.79	2.73	0.33	12.39	-6.22	6.17	516.00	1.18
532174	ICICI Bank	0.089	1.909	3.644	9.846	1.478	23.442	-8.749	14.693	516.000	1.461
532187	IndusInd Bank	0.07	1.40	1.96	4.11	-0.11	14.68	-8.52	6.16	516.00	0.93
500209	Infosys	-0.01	2.59	6.72	241.49	-12.95	53.29	-48.68	4.61	516.00	0.76
500875	ITC	-0.017	1.465	2.147	18.927	1.402	20.304	-5.846	14.459	516.000	0.049
500247	Kotak Mahindra Bank	0.12	1.38	1.90	5.30	0.44	15.09	-6.56	8.53	516.00	0.93
500520	Mahindra & Mahindra	-0.06	2.70	7.32	261.85	-13.69	57.15	-51.87	5.29	516.00	1.13
532500	Maruti Suzuki	0.05	1.38	1.89	3.89	0.18	13.77	-7.40	6.37	516.00	1.10
532555	NTPC	-0.02	1.21	1.47	1.64	0.51	9.69	-4.01	5.69	516.00	0.64
500312	Oil and Natural Gas Corporation	-0.05	1.57	2.46	19.94	-1.84	20.64	-15.93	4.71	516.00	0.86
532898	Power Grid Corporation of India	0.012	1.185	1.405	1.212	0.442	7.609	-3.260	4.349	516.000	0.552
500325	Reliance Industries	0.075	2.744	7.530	219.438	-11.850	61.178	-50.207	10.972	516.000	1.308
500112	State Bank of India	0.057	2.115	4.473	55.413	4.477	33.319	-5.735	27.583	516.000	1.558

524715	Sun Pharmaceutical	-0.06	2.10	4.42	3.38	-0.29	19.68	-11.56	8.13	516.00	0.85
532540	Tata Consultancy Services	0.018	2.646	6.999	256.568	-13.409	57.162	-50.400	6.762	516.000	0.206
500570	Tata Motors	-0.17	1.99	3.97	5.32	-0.95	19.69	-13.40	6.29	516.00	1.42
570001	Tata Motors DVR	-0.21	1.98	3.92	4.59	-0.73	18.08	-12.34	5.74	516.00	1.40
500470	Tata Steel	0.05	1.87	3.51	2.27	-0.15	17.04	-9.09	7.95	516.00	1.38
500295	Vedanta	0.001	2.142	4.590	1.623	-0.290	17.475	-10.783	6.692	516.000	1.466
532648	Yes Bank	-0.1	4.4	19.7	206.2	-11.8	89.6	-79.9	9.7	516.0	1.2

### Analysis :

Summary of descriptive statistics of the daily returns for 30 companies of Sensex has been given in Table 1. Among the 30 companies, 18 companies have registered positive mean return for all months throughout the study period. Bajaj Finance has been detailed as the highest mean return (0.23) while Tata Motors DVR has been detailed with the lowest mean return(-0.21).

Yes Bank has been found with the largest standard deviation of returns (4.4) while that for HDFC is the lowest of all (0.92). Higher deviation denotes more volatility while lesser deviation indicates lesser volatility.

The skewness of the daily return is found to be negative for 16 and positive for 14 companies. The positive skewness implies that the distribution of returns of the companies traded in the market have a higher probability of earning positive returns than negatively skewed. The kurtosis study indicates leptokurtosis since the daily mean returns for all companies is greater than 3.

**Table 2: Calculation for CAPM**

Company Code No.	Name of Company	Rm	Beta	Rf	Rm-Rf	B(Rm-Rf)	Expected Returns/ CAPM=Rf+B(Rm-Rf)	Actual Returns	Difference (Expected Returns-Actual Returns)	Under/Over Valued
500820	Asian Paints	0.08	0.01	6.31	-6.39	0.08	6.39	-0.08	6.47	Overvalued
532215	Axis Bank	0.08	0.17	6.31	-6.39	1.07	7.38	-0.08	7.45	Overvalued
532977	Bajaj Auto	0.01	0.95	6.31	-6.30	-5.99	0.33	0.01	0.32	Overvalued
500034	Bajaj Finance	0.23	1.30	6.31	-6.08	-7.90	-1.59	0.23	-1.82	Undervalued
532454	Bharti Airtel	0.02	1.08	6.31	-6.29	-6.79	-0.48	0.02	-0.50	Undervalued
533278	Coal India	0.07	0.03	6.31	-6.24	-0.21	6.10	0.07	6.04	Overvalued
500180	HDFC Bank	0.11	0.72	6.31	-6.20	-4.46	1.85	0.11	1.74	Overvalued
532281	HCL Technologies	0.05	0.37	6.31	-6.26	-2.32	3.99	0.05	3.94	Overvalued
500182	Hero MotorCorp	0.02	0.90	6.31	-6.33	-5.70	0.61	-0.02	0.63	Overvalued
500696	Hindustan Unilever	0.15	0.75	6.31	-6.16	-4.62	1.69	0.15	1.54	Overvalued
500010	HDFC	0.10	1.18	6.31	-6.21	-7.33	-1.02	0.10	-1.12	Undervalued
532174	ICICI Bank	0.09	1.46	6.31	-6.22	-9.09	-2.78	0.09	-2.87	Undervalued
532187	IndusInd Bank	0.07	0.93	6.31	-6.24	-5.80	0.51	0.07	0.44	Overvalued
500209	Infosys	0.01	0.76	6.31	-6.32	-4.80	1.51	-0.01	1.52	Overvalued
500875	ITC	0.02	0.05	6.31	-6.33	-0.31	6.00	-0.02	6.02	Overvalued
500247	Kotak Mahindra Bank	0.12	0.93	6.31	-6.19	-5.76	0.55	0.12	0.43	Overvalued

500520	Mahindra & Mahindra	-0.06	1.13	6.31	-6.37	-7.20	-0.89	-0.06	-0.83	Overvalued
532500	Maruti Suzuki	0.05	1.10	6.31	-6.26	-6.89	-0.58	0.05	-0.63	Undervalued
532555	NTPC	-0.02	0.64	6.31	-6.33	-4.05	2.26	-0.02	2.28	Overvalued
500312	Oil and Natural Gas Corporation	-0.05	0.86	6.31	-6.36	-5.47	0.84	-0.05	0.89	Overvalued
532898	Power Grid Corporation of India	0.01	0.55	6.31	-6.30	-3.48	2.83	0.01	2.82	Overvalued
500325	Reliance Industries	0.08	1.31	6.31	-6.24	-8.16	-1.85	0.08	-1.92	Undervalued
500112	State Bank of India	0.06	1.56	6.31	-6.25	-9.74	-3.43	0.06	-3.49	Undervalued
524715	Sun Pharmaceutica	-0.06	0.85	6.31	-6.37	-5.41	0.90	-0.06	0.96	Overvalued
532540	Tata Consultancy Services	0.02	0.21	6.31	-6.29	-1.30	5.01	0.02	5.00	Overvalued
500570	Tata Motors	-0.17	1.42	6.31	-6.48	-9.20	-2.89	-0.17	-2.72	Overvalued
570001	Tata Motors DVR	-0.21	1.40	6.31	-6.52	-9.13	-2.82	-0.21	-2.61	Overvalued
500470	Tata Steel	0.05	1.38	6.31	-6.26	-8.64	-2.33	0.05	-2.38	Undervalued
500295	Vedanta	0.00	1.47	6.31	-6.31	-9.25	-2.94	0.00	-2.94	Undervalued
532648	Yes Bank	-0.10	1.20	6.31	-6.41	-7.69	-1.38	-0.10	-1.28	Overvalued

**Analysis:**

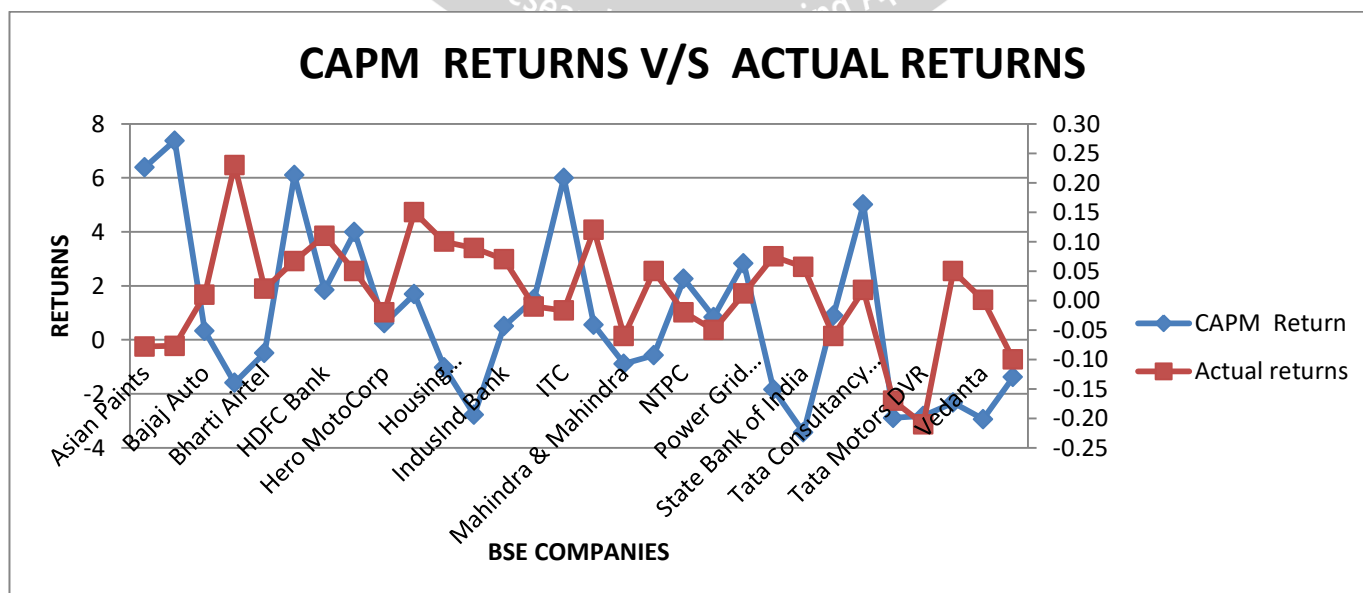
Table 2 shows the valuation of stock as overvalued or undervalued. If the expected return as per CAPM is higher than the investor's actual return, the security is undervalued and the investor should purchase it. If the expected return as per CAPM is lower than the investor's actual return, the security is overvalued and should be sold. CAPM equation is based on the fact that higher the beta value, higher will be the return.

However, in Table 2 we can see that present study gives contrary results. Here higher beta is not contributing to higher CAPM return of the stock.

For example State Bank of India has the highest beta but the lowest CAPM return during the test period.

Similarly Axis Bank has lowest beta and highest CAPM returns.

**Chart 1**



**Analysis:**

Chart 1 represents CAPM returns and Actual returns of the 30 companies. The graphical representation shows a mixed relationship between CAPM return and actual return.

**Table 3: Regression Analysis Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.948 <sup>a</sup>	.900	.893	.2249

**Analysis:**

Table 3 shows the summary of the regression model. The R square value shows the degree of the vitality / association of the regression model. The R square value of 0.900 shows that 90% of variation in the dependent variable (Sensex) is explained by the independent variables (Scripts). A value close to 1 indicates that the strength of the regression model is good. The adjusted R square of 0.893 shows that on inclusion of another independent variable, the strength of the model will come down from 90% to 89.3% respectively.

**Table 4: ANOVA<sup>b</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	219.808	30	7.327	144.799	.000 <sup>a</sup>
Residual	24.541	485	.051		
Total	244.349	515			

a. Predictors: (Constant), Yes Bank, Vedanta, Power Grid Corporation of India, ITC, ICICI Bank, Hindustan Unilever, Tata Motors, Coal India,

Kotak Mahindra Bank, Tata Motors DVR, Mahindra & Mahindra , Bajaj Finance, ONGC, Sun Pharma, Reliance Industries, Hero Motor Corp,

Infosys, Bajaj Auto, Axis Bank, TCS, Bharti Airtel, HCL Technologies, HDFC Bank, NTPC, SBI, Tata Steel, Asian Paints, HDFC,

Maruti Suzuki, IndusInd Bank

b. Dependent Variable: Sensex

The ANOVA (Analysis of Variance) table 4 shows the F value which is 144.7994 (0.000). The model is statistically significant @ 5% (0.000<0.05).

**Table 5: Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.009	.010		.905	.366
Asian Paints	10.276	.967	.200	10.624	.000
Axis Bank	1.199	.576	.035	2.082	.038
Bajaj Auto	.052	.006	.158	8.166	.000
Bajaj Finance	.130	.014	.175	9.194	.000
Bharti Airtel	.015	.009	.032	1.709	.088
Coal India	.017	.004	.065	4.316	.000
HDFC Bank	.073	.009	.146	8.249	.000
HCL Technologies	.003	.006	.009	.491	.624



Hero MotoCorp	.031	.007	.070	4.316	.000
Hindustan Unilever	.034	.004	.134	8.888	.000
HDFC	.026	.007	.071	3.653	.000
ICICI Bank	.010	.004	.041	2.680	.008
IndusInd Bank	.008	.013	.024	.648	.517
Infosys	.046	.009	.081	5.060	.000
ITC	.004	.008	.007	.463	.643
Kotak Mahindra Bank	-.009	.007	-.019	-1.273	.204
Mahindra & Mahindra	.028	.005	.085	5.453	.000
Maruti Suzuki	.076	.007	.212	10.234	.000
NTPC	.030	.009	.061	3.380	.001
Oil and Natural Gas Corporation	.001	.006	.003	.178	.859
Power Grid Corporation of India	.051	.007	.110	7.194	.000
Reliance Industries	.018	.005	.054	3.408	.001
State Bank of India	.033	.009	.066	3.599	.000
Sun Pharmaceutical	.018	.004	.070	4.474	.000
Tata Consultancy Services	.028	.009	.049	3.006	.003
Tata Motors	.001	.002	.007	.492	.623
Tata Motors DVR	.015	.009	.025	1.563	.119
Tata Steel	.032	.009	.063	3.382	.001
Vedanta	-.003	.007	-.006	-.406	.685
Yes Bank	.019	.013	.055	1.493	.136

## V. ANALYSIS

The coefficient Table 5 portrays how many coefficients are individually significant. 20 companies have t value greater than 1.96, indicating that they fall under the rejection region. Hence the null hypothesis is rejected and the alternate hypothesis is accepted. There is 95% confidence that there is a decisive relationship between returns of securities and market returns. The variable with highest effect on Sensex is Asian Paints followed by Maruti Suzuki, Bajaj Finance, Hindustan Unilever, HDFC Bank,

Bajaj Auto, Power Grid Corporation of India, Mahindra & Mahindra, Infosys and Sun Pharmaceuticals. Thus, while making investment decision, an investor can consider those companies that have high positive influence on the Sensex (as and when the market is favorable).

A consistent beta of a company over a period of time can be taken as an indicator of future market risk. An in consistent beta over a period of time should be restructured periodically such that it checks the potential risk of the company with least error. To find out the stability of beta,

the values of betas for different companies have been estimated.

Table 5 reveals that the values of betas for various companies from 2017 to 2019. It shows that betas for various companies have not been stable during the study period. The betas of some companies have grown during the study period while betas for some other companies have reduced. The companies for which the risks have grown are Maruti Suzuki, Asian Paints, Bajaj Finance, Bajaj Auto and Hindustan Unilever. Betas of most of the companies have been varying during the study period. Thus, the analysis shows that betas for all the companies have not been consistent. Hence Betas should be restructured periodically such that it checks the potential risk of the company in the future.

## VI. CONCLUSION

Stock market entails diverse risks for an investor. The risk involved in the investment in equity market is as a result of deviation in the actual returns the investor receives from his expected return. Hence it is necessary to understand the measure of the rate of returns and the degree of risk involved. This paper has attempted to inspect the difference between CAPM return and actual return for the 30 companies of the sensex and to remark on the rationality of Capital Asset Pricing Model with respect to BSE Sensex companies.

The descriptive statistics, multiple regression analysis and beta estimation were worked out. There is 95% confidence that there is a significant positive relationship between returns of securities and market returns. The variable with highest effect on Sensex is Asian Paints followed by Maruti Suzuki, Bajaj Finance, Hindustan Unilever, HDFC Bank, Bajaj Auto, Power Grid Corporation of India, Mahindra & Mahindra, Infosys and Sun Pharmaceuticals. Betas for different companies have not been consistent during the study period.

Analysis shows that the betas of some companies have grown during the study period while betas for some other companies have reduced. The companies for which the risks have grown are Maruti Suzuki, Asian Paints, Bajaj Finance, Bajaj Auto and Hindustan Unilever. Betas of most of the companies have been varying during the study period. Thus, the analysis shows that betas for all the companies have not been consistent.

Hence, while making investment decision, an investor should preferably consider those companies which have high positive impact on the Sensex when the market is favorable. Moreover, his selection should comprise of those scripts which are consistent in nature to avoid variations in the return generated by his portfolio. So, an investor according to his risk bearing ability may prefer to invest in a particular script.

## VII. FUTURE SCOPE

The study is useful for the present and future investors. An investor should be careful while organizing his portfolio. His portfolio should constitute of those scripts which are consistent in nature to avoid deviation in the return created by the portfolio. While doing so the investor should remember that if beta is less than 1, the script return is less volatile compared to the market return, if the beta is more than 1, script return is more volatile compared to the market return and a negative beta value indicates that the script return moves in the opposite direction to the market return. So, an investor can arrange his portfolio as per his risk bearing ability.

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# Mounting NPAS in Banking Sector in India- an Analysis

Dr. Mrs. Mona Jain, Assistant Professor, Department of Management, Shri Ram Institute of Technology, Jabalpur, Madhya Pradesh, India.

**ABSTRACT** - The Banking Sector in India has undergone a big transformation over the decade - from being a mode/source of credit to the various sectors of the economy to that of an important participant in the economic prosperity and growth of the nation. The role of banks across the globe has been multi facet in this era of globalization and digitalization. In India, banks have not only been active participants but also evolved as important catalyst agents in directing and accelerating the economic growth and development of the country.

In recent times, with the increased obligations of the banks, they not only have the responsibility of mobilizing the funds within the economy, but they also play an integral role as financial agents in the economic system of the country. The Public Sector Banks, especially have been facing enormous pressure accompanied by losses, as a resultant of excessive compulsive lending thereby barring their performance and profitability. Over the decade, the rising Non Performing Assets in the Indian Banking Sector have been an outcome of this increased burden and obligations on the banks, in order to meet the pace of the highly competitive global environment. It can be said that, NPAs are the outcome of the excess burden borne by the Banking sector of the country.

The research paper is a descriptive and analytical research work based on primary as well as secondary data. The paper highlights the contribution of the banking sector in the growth and development India on the global front. It aims to study and analyze the reasons of rising Non Performing Assets in banks in India, in both qualitative as well as quantitative terms. The paper also focuses on the required/proposed corrective and remedial measures required to be taken at various stages/levels to check the mounting NPAs in Indian Banks.

**Key Words:** Credit, Banks, Non Performing Assets, Economic growth, Profitability

## I. INTRODUCTION

In every economy in the world, banks have been playing a vital role of channelizing financial resources through receiving deposits and giving credits. The role of banks in channelizing the deposits for economic activities carries varied types of risk in different credit instruments, debt instruments or credit marketing by banks. In India the bankers lending policies and procedures are directed and guided by RBI or the Ministry of Finance from time to time. With all the above directional support and guidance even Public Sector Bankers carry more than a significant risk in their lending processes. The debt management is also identified as NPA management, the moment it falls in the category of non payers. The loss incurred due to NPA is a symbol of lethargy or improper management of lending made by bankers. Though it is said that in India, bankers investigate properly and put their best efforts to recover debts from the customers, the Indian scenario of NPA and its management describes that in past 6-8 years, the trend of NPA has increased. There has been a liberal

approach of lending money by banks to attain respective targets, on the other side the competitive attitude of Private Sector Banks became the important factor for PSBs to cope with, which resulted in bankers to be liberal in all type of financing by them. In India PSBs have been following all Basel norms but it is very difficult to judge the conditions and intention of loan product buyers.

The occurrence of NPA is a natural phenomenon in banking sector and as per the standards, the banks must try to maintain it below 2%, whereas in past 5 years the NPA percentage figure had reached above 6% in some cases of PSBs. The issue of NPA highlights the following of lending norms and loan cases, investigations and interpretation, judgment of loan officers of banks and subsequently the internal and external economic environment and intentions of loanee. All these can be underlined as important aspects that may be creating good debts or bad debts by the bankers. The credit policies of PSBs underlines many aspects as far as reliability of borrowers is concerned and also gives guidelines under which financial proposals and project financing proposals

must be examined and be categorized for maintaining the quality of debts.

The need of the hour is NPA Management. The Management of NPAs means to deal with the problem loans efficiently and to settle NPA accounts in the books. In simple terms, it focuses on the method of settlement of NPA accounts. The methods may differ from bank to bank, but the bankers should adopt corrective measures proactively in credit management as well as NPA management.

The Economic survey 2014 had observed that the deteriorating asset quality of the banking sector is a major concern. It is therefore important for all the concerned to understand the causes and consequences of rising NPA and accordingly take curative measures urgently so as to manage NPA at a minimum level. The causative factors for the rising NPAs in the banks are three 'B's i.e. Business Environment, Borrower and Banker. Whatever the imitating factor or reason, the NPAs need to be managed within the threshold limit, as the rising NPAs have devastating effect on the economy. So, constructive management of non productive assets is an utmost necessity for the smooth development and growth of the economy. The very important reason and essentiality of for management of NPA is due to their multi dimensional impact and affect on the risk mitigation, operations and overall performance of the banks. Nowadays, the banks, financial companies and institutions are confronted with the huge problem of management of NPA in an effective and efficient manner.

## II. METHODOLOGY

The research paper is a descriptive and analytical research work based on secondary data. The paper highlights the contribution of the banking sector in the growth and development India on the global front. It studies the reasons for the occurrence of NPAs with special reference to priority as well as non priority sectors and suggests preventive measures for checking the rising NPAs. The sources of data for this research include the literature published by the Reserve Bank of India, various magazines, Journals, Books on banks and the NPA scenario and the research papers on the same.

## OBJECTIVES OF THE PAPER

1. The paper aims to study and analyze the reasons of rising Non Performing Assets in banks in India, in both qualitative as well as quantitative terms.
2. It assesses the NPAs in both Priority and Non Priority Sectors.
3. It analyses the impact of NPAs on the banking sector as well as the economy on the whole.

4. The paper also focuses on the required/proposed corrective measures required to be taken at various stages to check the mounting NPAs in Indian Banks.

## III. THE MEANING OF NPA

The Non Performing Assets (NPA) concept in banks is restricted to loans, advances and investments. As long as an asset generates the income expected from it and does not disclose any unusual risk other than normal commercial risk, it is treated as Performing Assets, and at a point when it fails to generate the expected income it becomes a Non Performing Assets. The Non Performing Assets are also called Non Performing loans. Therefore, NPA can be defined as a debt obligation where the borrower has not paid any previously agreed upon interest and principal repayments to the lender for an extended period of time.

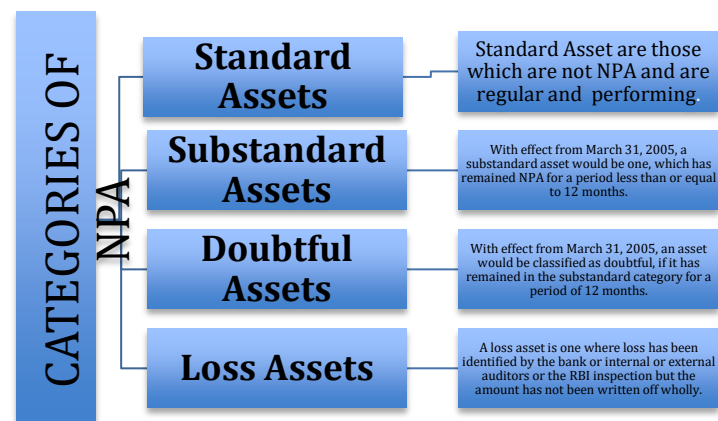
FIGURE1 Types of loans and its characters for NPA

Nature of Facility	Parameters of NPA
Term Loan	Interest and/or installment of principal remain overdue beyond 90 days
Overdraft/Cash Credit	Remains 'out of order' as indicated above
Bill Purchased/discounted	Remains overdue beyond 90 days
Crop Loans (Short duration crops)	Installment of principal or interest thereon remains overdue for 2 crop seasons
Crop Loans (Long duration crops)	Installment of principal or interest thereon remains overdue for 1 crop season
Securitization transactions	Amount of liquidity facility remains outstanding beyond 90 days
Derivative transactions	Overdue receivables representing positive mark-to-market value of a derivative contract which remains unpaid beyond 90 days from specified due date for payment

SOURCE: RBI Data

FIGURE 2

## CATEGORIES OF NON PERFORMING ASSETS



## FACTORS RESPONSIBLE FOR THE INCIDENCE OF NON PERFORMING ASSETS

The issue of NPA is a tool of measuring operational efficiency of banks as well, whereas the reasons for the incurrence of NPA are many fold. Various financial analysts, bankers and panelists from large scale industries, SSI have also mined the factors responsible for the occurrence of NPAs in banking sector. It is always a question mark on the actual responsible factor. In one case it maybe one factor solely and in other cases it may be a mix of so many factors which are classified into a different manner by various analysts and experts. The factors can be classified into mainly 3 categories :

- I. Internal Factors responsible for NPA in Banks.
- II. External Factors responsible for NPA in Banks.
- III. Other Factors responsible for NPA in Banks.

### I. Internal Factors responsible for NPA

The various Internal factors responsible for NPAs in Banks may be listed as follows: Lack of Vision And Foresightedness by banks leading to Improper Selection of Borrowers / Activities, Deficiencies on part of the banks, Use of Inappropriate Technology and Management Information System (MIS) by banks, Defective Lending Process of the banks, Funds borrowed for a particular business but used for some other purpose, Willful Defaults, Non Compliance of sanction terms and conditions of loans / advances by the borrowers, Business Failures, Reloaning process, Poor Credit Appraisal System, Delay in the Completion of Project, Financial crisis faced by the borrower due to Poor Debt Management, Moral Degradation And Ethical Deficit, Malafied Intentions / Frauds, etc.

### II. External Factors responsible for NPA

Some of the External factors responsible for Non Performing Assets are Changes in the Government Policies, Ineffective Recovery Tribunals and Recovery System, Natural Calamities, Poor Credit Allocation, Changes in the Economy, Schematic / Directed lending to Certain Sectors, Business Cycles, Lack of Sincere Corporate Culture, Poor Auditing and Accounting Practices, Poor Product / Business Management, etc.

### III. Other Factors responsible for NPA

The other factors responsible for Non Performing Assets maybe sudden crashing of capital market and inability to raise adequate funds, granting of loans to certain sectors of the economy on the basis of government directives rather than commercial requirements, failure to recognize early warning signals shown by Standard Assets due to poor credit monitoring, liberalization of the economy and the consequent pressures from liberalization like competitions, reduction of tariffs etc., mismatching of funds i.e. using

loan granted for short term for long term transactions, cost escalations due to unwanted expenses, improper working capital management, imbalances of inventories etc.

## GENESIS OF NPA IN BANKING SECTOR IN INDIA

### 1. Inability of the Priority Sector As well as the Non Priority Sector In Repayment of Loans:

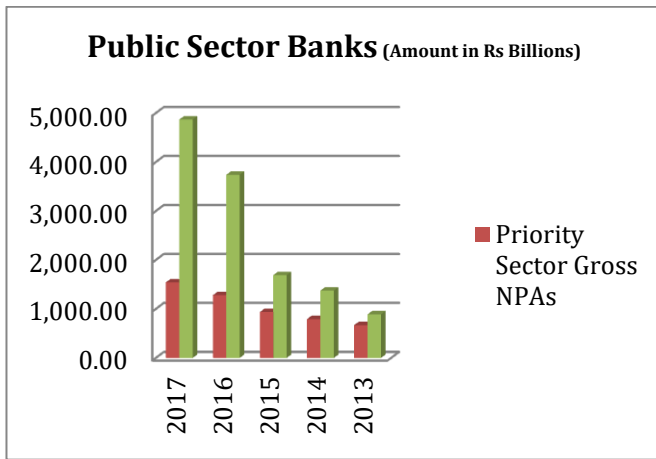
In India, the bankers classify their credit accounts into three categories as directed by the R.B.I. for public disclosure purposes, hence credits are discussed in accordance with those classifications: (i) Priority sector, (ii) Non priority sectors and (iii) Public sector financing/ credit accounts. The Bankers in India are accountable to Government of India as well to RBI for following their credit policies as per the guidelines of Government or RBI hence Banks are to allocate their credits accordingly. The priority sector lending is dominated by direct agricultural credits and indirect agricultural credits. Other than agriculture the following are also part of the priority sector advances - SSI financing, Export credits, Housing, Social infrastructure, Renewable energy and housing. The trend of financing segments of this category were as follows:- 35-42% for Agricultural advances, 15-25% for S.S.I. advances and 30-45% for other priority sector advances.

For agricultural advances under priority sector statutory requirement is 18%. Under this average percentage of agricultural advances are between 38%-45% of its total priority sector advances from time to time. An average NPA in agricultural advances are between 2.10%-3.30%.

The Non Priority Sector represents all other loans and finances that Bank lends. The amount of NPAs of PSBs for non priority sector varied between 35-55% of total amount financed in this segment. In non priority sector there has been a trend of increasing NPAs of the total credits in this sector NPA percentage is increasing after 2013. The Figures given below reveal the statistics of rising NPAs in the Priority Sector and Non Priority Sector in both the Public Sector Banks (Figure ) and Private Sector Banks (Figure ). The figures 3 and 4 show a continuous increase in NPAs of both the sectors from 2013 onwards, in case of Public as well as Private Sector Banks.

### FIGURE 3

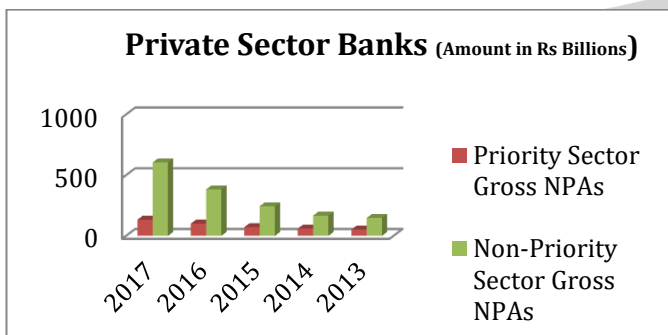
### GROSS NPAS IN PRIORITY SECTOR AND NON PRIORITY SECTOR IN PUBLIC SECTOR BANKS



SOURCE: RBI Data

FIGURE 4

**GROSS NPAS IN PRIORITY SECTOR AND NON PRIORITY SECTOR IN PRIVATE SECTOR BANKS**



SOURCE: RBI Data

**2. Willful Defaulters**

It is observed after analysis that the issue of willful defaulters is serious in India. This issue has been brought into light in very recent past, with the name of Vijay Mallaya, NiravModi and some other big corporates becoming willful defaulters. It is observed that corporate tycoons with deep pockets have always found a way to drag banks to court rooms across the country for years and thus delay the repayment process.

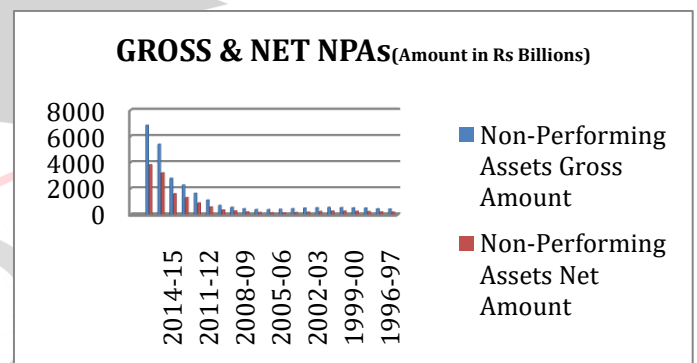
In India in last 6-8 years the economy has witnessed downturn trends and as a result the Banks have been straddled with restructured assets and high NPAs. During the upturn in the economy, the inadequate credit assessments and monitoring has contributed to the same in addition to the macro- economic dynamics being a major contributor. The responsibility for the same is to be equally shared by all the participants in the ecosystem – the Regulators, Banks, Borrowers and Credit Rating Agencies. Effective steps need to be taken and a holistic approach needs to be adopted to overcome the errors in credit assessment and monitoring. All the above mentioned stakeholders in the economy need to collectively contribute towards establishing an improved credit assessment and monitoring framework and other such effective initiatives as well. This trend of occurrence of NPA due to capable individuals and capable corporates

raises a question that why waivers of agricultural loans are criticized so regressively? This is a big flaw of banking operating system. Personal, organizational, political and money influences are covering big defaulters. It is a serious matter for the economy to take care.

**Status Of Gross And Net NPAs**

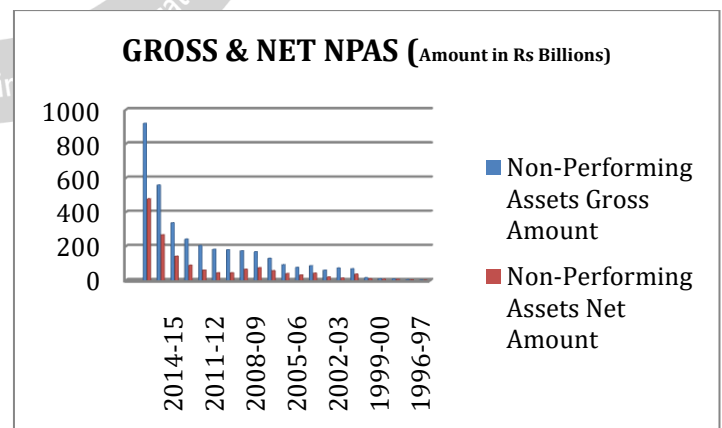
The Gross and Net NPAs of banks in India have been witnessing a rising trend since past decades. The following figure 5 reveals the Gross and Net NPAs in Public Sector Banks from the year 1998 to 2016. The steep increase in NPAs over the years makes it evident that there is a need of constant monitoring and check of the loans by the concerned authorities or else this trend may continue for the forthcoming years as well.

**FIGURE 5 GROSS & NET NPAS OF PUBLIC SECTOR BANKS (FROM THE YEAR 1998 TO 2016)**



SOURCE: RBI Data

**FIGURE 6 GROSS & NET NPAS OF PRIVATE SECTOR BANKS (FROM THE YEAR 1998 TO 2016)**



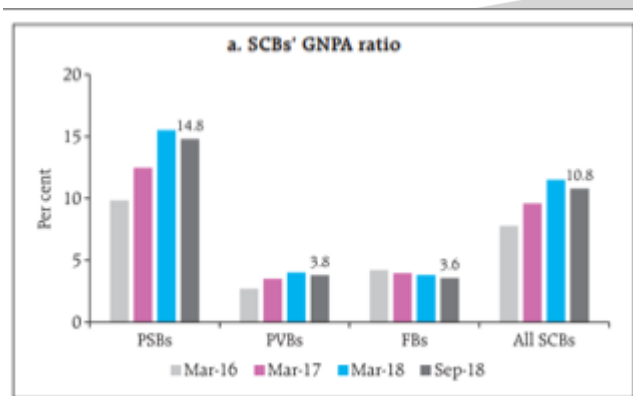
SOURCE: RBI Data

As seen in the above figures the NPAs have shown a steep rising trend over the past almost two decades and are a constant threat not only for the Public Sector Banks but for the Private Sector Banks as well. There is a need for smart market analysis and a specialized application in managing credit risk to be undertaken by banks in India.

### 3. Present Status of NPAs in Banks

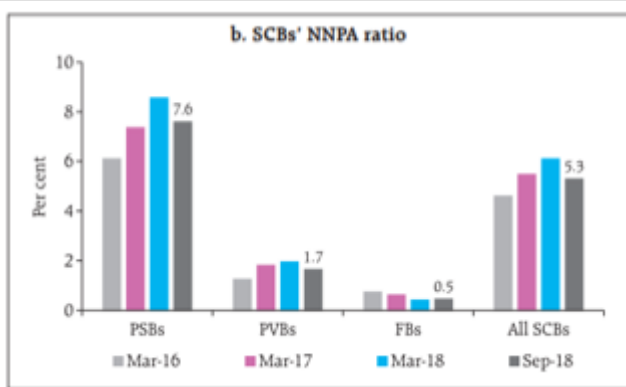
According to RBI's Financial Stability Report -December 2018, the banking system's asset quality has surprisingly started to show improvement with gross non-performing assets (NPAs) decelerating during September, 2018 quarter. According to RBI, asset quality of Scheduled Commercial Banks (SCB) showed improvement with gross non-performing assets (GNPA) ratio declining from 11.5% in March 2018 to 10.8% in September 2018. Their net non-performing assets (NNPA) ratio also registered a decline during the period. The following figures clearly show the status of GNPA and NNPA of Scheduled Commercial Banks from 2016 to 2018.

**FIGURE 7 SCHEDULED COMMERCIAL BANKS GNPA RATIO**



Source: RBI Financial Stability Report 2018

**FIGURE 8 SCHEDULED COMMERCIAL BANKS NNPA RATIO**



Source: RBI Financial Stability Report 2018

As specified by the RBI in the Report, the GNPA ratio of both public and private sector banks showed a half-yearly decline, for the first time since March 2015, the financial year-end prior to the launch of Asset Quality Review (AQR). The number of banks having GNPA ratio less than 10% has gone down in September 2018 as compared to March 2018. Following which, RBI now believes that, projected GNPA ratio under the baseline scenario may decline from 10.8% in September 2018 to 10.3 per cent in March 2019.

This comes as a sign of relief after the serious implications of NPAs on the economy rightly described as headaches

by analysts, in the past 3-4 years due to the bad loans to big corporates and individuals and other stressed assets held by various banks and financial institutions.

### ROLE OF RECOVERY MECHANISMS

There are several legal and regulatory practices adopted and undertaken by the Government of India like the Lok Adalats, Debt Recovery Tribunals (DRTs), SARFAESI Act, etc. that have been helpful in resolving the problem of NPAs to a certain extent. The table below reveals the details of the NPAs of Scheduled Commercial Banks that are recovered through these channels during the last five years. From the figure it is clear that for the 2016-17, the highest recovery is through DRTs i.e. Rs 164 Billion.

**FIGURE 9 NPAs OF SCHEDULED COMMERCIAL BANKS RECOVERED THROUGH VARIOUS CHANNELS**

(Amount in ` Billion)

Year	Sr No.	Recovery Channel	Lok Adalats	DRTs	SARFAESI Act	Total
2012-13	1	No. of cases referred	840691	13408	190537	1044636
	2	Amount involved	66	310	681	1057
	3	Amount recovered* 3 as per cent of 2	4	44	185	233
	4		6	14	27	22
2013-14	1	No. of cases referred	1636957	28258	194,707#	1859922
	2	Amount involved	232	553	953	1738
	3	Amount recovered* 3 as per cent of 2	14	53	253	320
	4		6	10	27	18
2014-15	1	No. of cases referred	2958313	22004	175355	3155672
	2	Amount involved	310	604	1568	2482
	3	Amount recovered* 3 as per cent of 2	10	42	256	308
	4		3	7	16	12
2015-16	1	No. of cases referred	4456634	24537	173582	4654753
	2	Amount involved	720	693	801	2214
	3	Amount recovered* 3 as per cent of 2	32	64	132	228
	4		4	9	17	10
2016-17	1	No. of cases referred	2152895	28902	80076	2261873
	2	Amount involved	1058	671	1131	2860
	3	Amount recovered*	38	164	78	280



4	3 as per cent of 2	4	24	7	10
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Source: RBI Statistics

#### IV. IMPACT OF NPAS ON BANKS

The maintenance of a minimal amount of Non Performing Assets (NPA) is one of the requirements of an efficient financial system. Beyond a certain level, NPAs are a matter of concern for the banking sector because they affect the smooth flow of credit in the economy and credit is important for the economic growth. Lending by banks and financial institutions is one of their primary function and it carries a risk called the credit risk that arises due to the inability of the borrower to satisfy their obligations to the banks / financial institutions. The resources of the banks are raised through fresh deposits as well as by recycling the borrower's funds which is also called Credit Creation. The loans and advances granted by the banks are assets for the banks because the repayment of the principal and the interest payments are a source of cash flows for it. So, in the event of a loan becoming non-performing the recycling of funds along with credit creation is affected. Further the NPAs require high provisioning since large portion of profits are kept aside as provisions against bad loans. So the NPAs also affect the profitability of banks. Hence the NPAs are a problem not only to the lenders aggravating the pace of economic growth NPAs are regarded as a vital parameter to judge the financial health as well as the performance of the banks. The NPA level of banks is an important factor that drives the growth and the financial stability of the banking sector.

Due to the rising NPAs, the price of loans or the interest rate eventually rises, further restricting the borrowing capacity of the corporates and causing a set back for big infrastructural /industrial projects. This may result into low production or even the closure of many small business units. On the whole NPAs will ultimately have a major effect on the economy, resulting into fall in employment, reducing the buying capacity of the retail consumers and ultimately fall in the personal disposable income. This all would finally have a negative impact on the GDP of the country as well as the National Income consequently. In this way it can be said that the NPAdemon is eating away the Indian economy slowly and steadily as it is making the credit costly and scarce. Unless it is managed effectively and quickly, it will mar the economic development of the country.

#### V. PREVENTIVE MEASURES

In India NPAs in banks have become a cause of great concern in recent times. NPA Management is the need of the hour. The Government of India has recently initiated many procedures and policy changes to keep a check on the rising NPAs. Various studies have proved that mere identification of the problem would not help, in

fact, finding probable and appropriate solutions along with their timely implementation is required.

Based on the suggestions given by eminent academicians, planners, bankers and experts in the field of banking and finance some of the preventive measures can be listed as follows:

- i. The RBI should strengthen it's supervisory capacity on banks even further,so that the mounting NPAs in banking sector can be checked.
- ii. Scrupulous lending by banks should be checked.
- iii. Bank recapitalization and other schemes of capital infusion into the banks are needed.
- iv. More formal procedures and monitoring measures of lending by banks will help in greater transparency thereby infusing checks and ultimately leading to so called cleaning up of the system.
- v. Timely recognition of willful defaulters will help in taking appropriate action against them. This can be done by using financial tools like Fund flow analysis as well as financial analysis.
- vi. In this regard, loan restructuring schemes in association with the Asset Reconstruction Companies can also be availed.
- vii. Constant monitoring and intervention by the Government of India and strict scrutiny of the financial borrowings and lendings by banks will help keep a check on NPAs in banking sector.
- viii. Robust and strict risk management procedures by banks accompanied by strong corporate governance is required.
- ix. Banks need to develop a culture of consistent checks and supervision within their working system. The incorporation of latest technology and system checks in banks and the recruitment of trained and specialist personnels of banks will be immensely beneficial in achieving strict supervision and controls.
- x. In Banks there is as need to establish a Risk Management Information System (RMIS) so that a realizable database could be built for analyzing their own past performance data pertaining to operational losses, loan defaulters, NPAs etc.
- xi. Some effort is required to be concentrated on the training and redeployment of manpower in the PSBs in relation to understanding the aspects of risk, to create awareness about credit assessment skills, risk mitigation processes and a risk orientation amongst the Bank officials and employees at the operating level.

#### VI. CONCLUSION

In India, in last 6-8 years the economy has witnessed downturn trends and as a result the Banks have been

straddled with restructured assets and high NPAs. During the upturn in the economy, the inadequate credit assessments and monitoring has contributed to the same in addition to the macro- economic dynamics being a major contributor. The responsibility for the same is to be equally shared by all the participants in the ecosystem – the Regulators, Banks, Borrowers and Credit Rating Agencies. Effective steps need to be taken and a holistic approach needs to be adopted to overcome the errors in credit assessment and monitoring. All the above mentioned stakeholders in the economy need to collectively contribute towards establishing an improved credit assessment and monitoring framework and other such effective initiatives as well.

The present global scenario of deregulated market is a big challenge which has mended the appropriate application of credit risk management in today's volatile market environment. Hence the management of Banks must strive to embrace the notation of uncertainty and risk in their financial statements and should try to establish an appropriate credit administration from risk perspectives across the system by adopting well drafted strategies with skilled man force. It is high time for all concerned to recognize this gigantic problem and reframe the regulatory measures, strengthen the legal system and create credit discipline and loan repayment culture so as to make the Indian Banking System vibrant in the effective management of NPAs.

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# Identification of the Factors Affecting the Growth of Investors in the Indian Stock Markets: With Special Focus on Dematerialization

<sup>1</sup>Mohammed Nadeem Qureshi, <sup>2</sup>Breeze Tripathi

**Abstract:** With the continuous and regular increase in the GDP of India, the Per Capita Income has also increased. This leads to more of investments in the Indian Stock Markets even by lower and lower middle class people. But the common question which arises in the minds of these people is of financial security. They do not want that their hard earned money is wasted. Before investing anywhere they are damn sure about the security of the amount. Some cases of insider trading and benami (anonymous) accounts poured doubts in the minds of these people.

This paper tries to find out whether the dematerialization process has helped the stock market in getting more amount than before, increasing the number of investors and the so called professionalism of the mushrooming depository participants has helped the investors really or not?

**Keywords:** Dematerialization, Depository Participants, Securities and Exchange Board of India, National Stock Exchange (NSE), Bombay Stock Exchange (BSE).

## I. INTRODUCTION

Indian stock markets are one of the oldest in Asia. There are mainly two stock exchanges in India where stocks are traded. They are the Bombay Stock Exchange (B. S. E.) and National Stock Exchange (N. S. E.). In addition to these two exchanges there are many other stock exchanges located in major cities. There are altogether twenty three stock exchanges operating in India. These stock exchanges are monitored and regulated by Securities and Exchange Board of India (SEBI).

**Trading Pattern of Indian Stock Market:** Trading in Indian Stock Market is limited to listed securities of public limited companies. They are broadly classified into two categories, namely specified securities and non-specified. Equity shares of dividend paying, growth oriented companies with a paid up capital of at least Rs. 50 Million and a market capitalization of at least hundred million and having more than 20000 share holders are normally put under the categories of specified and non-specified group.

Two types of transactions are carried out in Indian Stock Exchanges, they are (a). Spot Delivery Transactions which also include Intraday Transactions and (b). Forward Transactions. Forward transactions are permitted only in the case of specified shares.

**Over the Counter Exchange of India:** The earlier trading systems prevailed in Indian stock exchanges gave way to much functional inefficiencies like lack of transparency, absence of liquidity, long settlement periods and Benami (anonymous) transactions. These affected the small investor to great extent. To provide better service to small investors, country's first ring less, script less electronic stock exchange

was created in 1992 called OTCEI. This exchange was created by leading financial institutions like UTI, IDBI, SBI Capital Markets, Industrial Finance Corporation of India, General Insurance Corporation and its Subsidiaries.

**Securities and Exchange Board of India (SEBI):** The Securities and Exchange Board of India (SEBI), an autonomous and statutory body acts as the market regulator and market developer. It regulates and controls the capital users and all functionaries between the users and investors.

## II. LITERATURE REVIEW

The Economic Times Investors' Year Book, 2000-01, commented on the "Paperless World" and described what makes dematerialization the preferred choice and how it reduces risk. The dematerialized trading was introduced in India in 1996 to reduce pains and risks in settlement through the loss of share certificates in transit, bad deliveries, delays in transfer and forged/fake/stolen certificates. It helps in doing away with the risk of loss in transit by directly crediting the account with bonus shares and rights. There is no risk of bad delivery because the ownership status is clearly captured in Depository's computers.

Mohapatra Sidhartha, The Relationship Between Dematerialization in India and IPO Scam, 2004, has made an attempt to analyze the relationship between the two. The basic objectives of the study was to measure the threat faced by emerging companies as a result of ease in stock market operations brought about by dematerialization and to understand the role played by SEBI in capital market to strengthen and tighten the market operations. He established the relationship that existed between dematerialization and stock market IPO scam that occurred

in India. His major findings were in relation to the fact, since there was ease in operations due to dematerialization, which prompted the people to indulge in stock market related scams.

Shacheendran V., Dematerialization of Securities in Indian Capital Market, 2007 has evaluated the progress of dematerialization in India, with particular focus on the paradigm shift through Depository System. According to him, Dematerialization has initiated a new trend in securities' trading and settlement. Indian capital market has embraced technological sophistication by permitting electronic trading in securities. Depositors Act, 1996 has facilitated the setting up of depositories and dematerialization of securities.

Ravi Ranjan Prasad, Game Changer, 2009, has depicted the visible changes observed in the capital market after incorporating the technological changes in the country. Since 1996 "Demat not only brought in efficiency but minimized transactional risks and reduced costs, benefitting both investors and brokers."

### III. RESEARCH METHODOLOGY

The research is based on primary and secondary data both. For the collection of primary data a Questionnaire was prepared bearing twelve questions and having the sample size of one hundred twenty (120). The questionnaire was given to the respondents who are active and regular traders of equity in any of the Indian stock market i.e. either NSE or BSE through any Depository Participants (share broking organizations.).

Secondary Data has been collected through websites, journals, newspapers etc.

Simple percentage analysis of every question in the questionnaire has been done to get the conclusions and results.

#### Objectives of the Research

1. To find out whether Dematerialization of Accounts has increased the number of investors?
2. Professional and Expertise guidance by the Depository Participants has poured more money by the investors in the stock markets?
3. Preference of investors between local Depository Participants (City/ State) and National Depository Participants (i. e. DPs operating in more than one City/ State).

#### Hypotheses

1. Dematerialization of Accounts in Stock Markets has increased the number of investors.
2. Professional and Expertise guidance by Depository Participants has poured more money by investors.
3. Local Depository Participants are performing better than National Depository Participants.

### IV. ANALYSIS AND INTERPRETATION OF THE DATA

#### Q1. How did you know this Depository Participant (Share Broker)?

Options	Responses (Out of 120 Respondents)	Percentage of Responses
Through Friends	31	26%
Advertisements	11	9%
Self Visit	78	65%

**Interpretation:** This question was asked to know how the clients knew the Depository Participant (Broker). As inferred from the data we can see maximum clients had a Self Visit. When asked why they made personal visits, most of them replied for 'Self Satisfaction'.

#### Q2. Why did you select this Depository Participant (Share Broker)?

Options	Responses (Out of 120 Respondents)	Percentage of Responses
Brand	11	9%
Brokerage Charges	84	70%
Services and Schemes	15	13%
Others	10	8%

**Interpretation:** The objective of this question was to find out why the clients selected this DP? As inferred from the data, most of the clients chose their DPs due to brokerage charges. For an ordinary client brokerage charges matter a lot. After that they gave preference to services and schemes which included 'loans and exposures'.

#### Q3. Your major investments are in?

Options	Responses (Out of 120 Respondents)	Percentage of Respondents
Delivery	31	26%
Intraday	89	74%

**Interpretation:** The objective of this question was to find out whether people pour money in intraday or delivery. Majority of them preferred intraday as they believed that investing money in a single stock for a longer time is not fruitful in terms of time.

Another objective of this question is to find out whether dematerialization of accounts has helped in stock trading or not? The answer is positive because many investors invest in intraday because of less paper work and time consumption, which satisfies the first objective.

#### Q4. Does your Depository Participant properly guide you?

Options	Responses (Out of 120 Respondents)	Percentage of Responses
Yes	98	82%
No	22	18%

**Interpretation:** The objective of this question is to find out whether the DP guide the clients or not? The Stock Market is facing a tough competition because of new entrants and to face the competition DPs are giving updated information about the markets in the form of software (i. e. the customer need not visit the organization and he/she can trade by own, all the necessary information is reflected in the Software itself. E. g. Power India Bulls of India Bulls Securities Limited). Hence the maximum number of responses in Yes satisfies the second objective.

**Q5. Did you ever incur loss when guided by your Depository Participant (Share Broker)?**

Options	Responses (Out of 120 Respondents)	Percentage of Responses
Yes	21	13%
No	99	87%

**Interpretation:** This was asked to find out whether the information provided by the DPs are accurate or not? This also helped in finding out why the client preferred that DP? Moreover this is satisfying the second objective as well.

**Q6. Can you trade online?**

Options	Responses (Out of 120 Respondents)	Percentage of Responses
Yes	100	97%
No	20	3%

**Interpretation:** This question showed how much advanced the DP is? Online trading attracted more investments by the individual clients, Foreign Institutional Investors (FIIs) in the Indian stock markets. As, the clients can trade online through Web Portals or specially designed Software of that particular DP, these attracted petty customers of every age and organizational investors. Hence increasing the clients as well as pouring of more money.

**Q7. Do you pay any kind of prepaid brokerage?**

Options	Responses (Out of 120 Respondents)	Percentage of Responses
Yes	45	37%
No	75	63%

**Interpretation:** This question was asked why people prefer local DPs (i. e. those Depository Participants which are operating in a particular City or State such as Kalpataru Multiplier Limited) more than those DPs which are operating nationally such India Bulls Securities Limited.

Maximum number of 'No' was from the clients of Kalpataru Multiplier Limited, Bhopal. The brokerage charges are

much low without paying any kind of prepaid brokerage than the multi-state located depository participants.

**Q8. Did you compare the available depository participants in your city?**

Options	Responses (Out of 120 Respondents)	Percentage of Responses
Yes	110	91.66%
No	10	8.33%

**Interpretation:** The objective of this question was to find out whether the clients were aware of the competitors available in the market or not? If the client is aware of the market, it becomes easy for the client to bargain regarding the brokerage charges and other monetary/ non-monetary benefits which are offered by the available Depository participants.

**Q9. Does your Depository Participant provide any kind of compensation on loss when you transact on their recommendation?**

Options	Responses (Out of 120 Respondents)	Percentage of Responses
Yes	Nil	0%
No	120	100%

**Interpretation:** The objective of this question was to find out whether there is any compensation scheme run by DPs, the idea behind this question was that many DPs promise professional guidance (especially by DPs operating nationally), but where there is a matter of loss they try to keep distance.

But on the other hand local DPs do not claim any professional guidance thus making no compensation for the loss incurred by the clients as well.

**Q10. Is the Research and Analysis Department of your Depository Participant Accurate?**

Options	Responses (Out of 120 Respondents)	Percentage of Responses
Yes	70	96%
No	50	4%

**Interpretation:** This question showed that people trusted more on local DPs because the head quarter of DP is in the reach of the clients and the analysis team can be approached any time. The head quarter of national DPs are in some another city and it is general human belief that the things near are more convenient and accurate.

Talking about the accuracy of Research and Analysis, clients are least bothered about the market fluctuations. An educated client will probably believe on the accuracy of the information provided by the so called professional DPs.

**Q11. Whether your Depository Participant gives the Contract Notes (Summary or Transaction Details) after every transactions?**

Options	Responses (Out of 120 Respondents)	Percentage of Responses
Yes	120	100%
No	Nil	0%

**Interpretation:** This was asked to know whether the DPs are transparent related to their transaction and business or not? It is mandatory by the orders of Securities and Exchange Board of India (SEBI) to provide transaction details or contract notes to the clients. This avoids any kind of unfair, incorrect transaction on behalf of DPs. This increases the preference for local DPs because if there is any kind of discrepancy in the transaction the matter is easily resolved at the local DPs, while resolving the matter is time consuming in case of national DPs.

**Q12. Is there any kind of Minimum Holding Requirements?**

Options	Responses (Out of 120 Respondents)	Percentage of Responses
Yes	11	9%
No	109	91%

**Interpretation:** Minimum holding means that the clients have to keep certain value of stocks in their DMAT accounts. Local DPs such as Kalpataru Multiplier Limited does not require minimum holdings. The client can keep their accounts blank also for lifetime. But in case of DPs such as India Bulls Securities Limited require minimum holdings of Rs. 10000. These kinds of activities discourage the clients to invest through national DPs because the clients do not want to block their money in these kinds of things such as minimum holding requirements.

**V. RESULTS**

As inferred the above analysis of the questions and the responses from the respondents the results are as under:

- Dematerialization of Accounts has increased the number of investors.
- Professional and Expertise guidance by the Depository Participants has poured more money by the investors in the stock markets.
- Investors prefer local Depository Participants (City/ State) than National Depository Participants (i. e. DPs operating in more than one City/ State).

Hence hypotheses framed get accepted:

- Dematerialization of Accounts in Stock Markets has increased the number of investors.
- Professional and Expertise guidance by Depository Participants has poured more money by investors.
- Local Depository Participants are performing better than National Depository Participants.

**VI. CONCLUSION**

From the above analysis based on primary and secondary data it is concluded that the dematerialization of accounts for the purpose of equity trading and other stock market related business has helped in increasing the number of clients thus increasing the inflow of money through investors. Moreover mushrooming of Depository Participants with the professional and expertise guidance has helped the customers/ clients as well as the Indian Stock Markets.

**VII. LIMITATION OF THE STUDY**

The sample size is small; there are more chances of inaccuracy in the analysis of the data. Some respondents were illiterate and followed the conventional method of trading i. e. they purchased the shares and kept it for a longer time and some did not even know about the online trading system, if questions asked to them regarding intraday or online system, respondents replied unknowingly. The research did not represent the whole of India thus not revealing the financial education and condition accurately.

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# Management of Organizational Information as a Strategic Strength

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**Abstract** - Information is an asset that is significant to an association's capacity to improve and contend. It exists inside the individual representatives, and furthermore in a composite sense inside the association. As indicated by the resource-based perspective on the firm (RBV), vital resources are the basic determinants of an association's capacity to keep up a maintainable upper hand. This paper will consolidate RBV hypothesis with qualities of learning to demonstrate that hierarchical information is a key resource. Information the board is talked about every now and again in the writing as an instrument for catching and scattering the learning that exists inside the association. This paper will likewise clarify down to earth contemplations for execution of learning the board standards.

**Key words** : *Information management, Administrative knowledge, Properties, Tactical management, Resource management*

## I. INTRODUCTION

The foundation of business has been precarious and unusual as of late causing business the executives much increasingly troublesome. Specifically, expanding rivalry has made a risk to organizations survival to be progressively open in numerous areas. In this circumstance, vital arranging with the end goal of accomplishing association productivity is crucial (Porter, 1985).

In the course of the most recent decade, we have seen an development in salutation of influential data and the more incorporated job graded data has started to play in the procedure of associations. The use of present-day categorized statistics and inventions in association the board will be effective just if data framework advancement is lined up with the association framework improvement methodology.

The idea of structural info methods in the present connotations joint with raised strain to use innovation resources has raised the significance of graded data. It is a key concern confronting top associations and data frameworks administrators. Hierarchical data the board is a procedure utilized by associations to incorporate long-run utilization of uses to facilitate their motivations has turned into the most basic issue confronting administrators today. It very well may be comprehended as the way toward distinguishing an arrangement of PC based applications to help an association in executing its field-tested strategies and understanding its business objectives

Formal vital arranging does to be sure to develop along comparable lines in various organizations, though at

different rates of advancement. This movement can be portioned into four successive stages, each set apart by clear advances over its forerunner as far as for the express definition of issues and options, nature of preliminary staff work, the availability of top administration to take an interest in and direct the vital choice procedure, and viability of usage.

## II. STRATEGIC ROLE OF INFORMATION SYSTEMS

Data frameworks have accepted an inexorably key job in associations. It causes associations to lead their everyday exercises, works appropriately (precisely and auspicious way with the assistance of programming), and supports basic leadership. Data frameworks can be viewed as a key asset in an association.

The open doors can be ordered into 4 territories:

- To increase the upper hand.
- To improve efficiency and execution.
- To empower better approaches for overseeing and sorting out.
- To grow new organizations.

This isn't to say, in any case, that every single vital framework gives an association leeway. As a framework can be deliberately vital for various reasons – it tends to be a wellspring of upper hand or it very well may be a key need. Every single key framework becomes key necessities as in a transformative hypothesis of vital advancement. The vital job is useful for the arranging of the association in light of the fact that through vital job the future will be



arranged. This growing job has constrained key frameworks organizers to change the extension, targets, style, and wellsprings of mastery in arranging.

Since the 1980s, hierarchical data has come to be a standout amongst the most vital strides in the effective presentation and streamlining of innovation in associations. Albeit most writing audits express that the achievement of any Information System is straightforwardly identified with hierarchical data. It was beforehand crafted by innovation and frameworks experts. It ended up changed to be a collective arranging challenge of gatherings (chiefs, specialty unit directors, innovation and frameworks experts, and once in a while outside partners).

Authoritative data can bring clients and data frameworks experts together and set up a common comprehension of the estimation of data frameworks and the issues related to them. Authoritative data can assist associations with developing needs for data frameworks improvement by positioning such frameworks as far as their productivity, adequacy, and key esteem. Compelling hierarchical data can help associations in utilizing data frameworks in order to achieve their destinations and empower associations to altogether affect their procedures. It gives direction on how the data frameworks foundation of the association ought to be created after some time. It additionally guarantees better utilization of data frameworks assets, including reserves, data frameworks staff, and time for planning a particular task. Authoritative data can help associations in immaculate (the best) and better approaches to fabricate obstructions against new contestants, change the premise of rivalry, create new items, utilize the most financially savvy techniques or strike a harmony between the forces of the providers. Authoritative data likewise guarantees that at whatever point new frameworks are fabricated they can convey or interface legitimately with previous frameworks. It guarantees that the data frameworks foundation is reliable with the key prophecy of the association. The attainment, and even existence, of an association in the present markets, is to a great extent subordinate upon the advancement and usage of a cognizant and creative key data frameworks plan.

### III. THE SBU CONCEPT

A distinctive normal for arranging in enhanced organizations is the formal gathering of related organizations into vital specialty units (SBUs) or authoritative elements huge and sufficiently homogeneous to practice viable power over most factors influencing their organizations. The SBU idea perceives two particular key dimensions: corporate choices that influence the shape and bearing of the venture in general, and specialty unit choices that influence just the individual SBU working in its very own condition. Vital arranging is along these lines

bundled in pieces pertinent to singular chiefs, and methodology advancement is connected to procedure execution as the unequivocal duty of working administration.

There are confinements to the SBU idea. Numerous ventures, for example, vertically incorporated organizations in procedure situated enterprises, can't be perfectly dealt with into discrete specialty units in light of the fact that their organizations share vital corporate assets—deals, producing, as well as R&D.

### Objective

The objective of this paper is to relate the relevance of information system with the strategic strength of the organization.

## IV. DATA AND SOURCES OF DATA

The information on this examination incorporates documentation. A wide scope of composed materials generation of subjective data. It very well may be especially valuable in attempting to comprehend the issue that may have existed on the ground in the territory of study and contextual investigations. The kind of information utilized in this investigation is starter information, which is gotten straightforwardly from the wellspring of this data originates from records that have been gathered, for example, articles, official sites, insights, and worldwide/yearly revealing, any distributed diaries identified with different associations and books.

### Organizational Information and Strategic Management

Vital arranging and the board are being attempted to adjust in a solitary procedure. Just a couple of organizations that are considered plainly oversaw deliberately and every one of them is worldwide, broadened fabricating partnerships. The test of making arrangements for the necessities of several extraordinary and quickly advancing organizations, serving a large number of item/showcases in many particular national situations, has pushed them to produce modern, extraordinarily powerful arranging strategies. Be that as it may, it isn't so much arranging system that separates these associations, yet rather the meticulousness with which the executives joins vital intending to operational basic leadership. This is generally cultivated by three systems:

1. An arranging structure that cuts crosswise over authoritative limits and encourages key basic leadership about client gatherings and assets.
2. An arranging procedure that invigorates innovative reasoning.
3. A corporate esteem framework that fortifies directors' promise to the organization's technique.

Since it is difficult to standardize a procedure that can dependably deliver inventive plans, deliberately overseen organizations challenge and invigorate their administrators' reasoning by:

- Stressing intensity—the necessity for an exhaustive comprehension of contenders' techniques as of late has been the arranging keynote.
- Focusing on a topic—a few noteworthy organizations intermittently fortify their arranging forms by requesting that their supervisors key yearly designs to a predefined subject.
- Negotiating targets—a few organizations are endeavoring to arrange deliberately reliable destinations between corporate central command and specialty unit general administration.

Requesting key bits of knowledge—staying away from rivalry by a roundabout methodology is the substance of inventive and creative system: a reformulation of an item's capacity, the advancement of new assembling techniques or conveyance stations, or the revelation of measurements of rivalry to which conventional contenders are visually impaired.

## V. RESULT AND DISCUSSION

Developing sound organizational information successfully is vital for any public or private organization. The success of company's info system is observable in the light of organization's success. An organization's success is communicated differently depending on varying strategic directions. Efficacious organizational information systems will:

1. Help its users grasp future opportunities and then stretch and exploit the organization's skills to profit from those opportunities.
2. Clarity of the information systems strategy plan is positively associated with information systems adoption success.
3. Organizational information success can be viewed as the degree of attainment of its objectives. There are four dimensions of objectives which they referred to as alignment, analysis, cooperation, and improvement in capabilities.
4. The extent to which the objectives are fulfilled by organizational information thus offers its success.

## VI. CONCLUSION

Improved hierarchical data is a noteworthy test confronting data frameworks administrators today. Effective arranging is critical to the acknowledgment of the potential vital effect of data frameworks. The essential rule for data frameworks arranging is that the arranging

procedure must be done in arrangement with authoritative plans. Most associations currently concur that data frameworks are an essential key authoritative asset that can give vital preferred standpoint and raise association execution. The association that will have better hierarchical data and correspondence of a similar will probably confront fewer issues with their picked equipment and had smoother and progressively viable execution of their arrangements.

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# HR Consumerization:- A paradigm Shift

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**Abstract:-** In view of the present day competitions, the customers and consumers have become of great importance. There is a shift from customer satisfaction to customer delight. We see far improved services and products offered these days as they are strongly guarded by legal obligations and ethical code of conduct. Increased purchasing power has led to increased Consumerism. Quality and services have taken priority over price of the product or services. The concept of consumerism is not confined to only Marketing sector but has also intervened into Human Resource Management. It helps in better experience of people regarding the functions of HR. It helps in retention of people in an organization also.

This paper tries to find out the factors that contribute to the paradigm shift in HR i.e. HR consumerism. It also tries to understand the reasons for this expansion of Consumerization and the impact it will have in future. Questionnaire was designed to understand the gap between the actual & the desired expectations & services delivered for Human Resource Management. The data was collected by means of questionnaire distributed to lower level, middle level & higher level employees of different organizations. The study is based on both primary & secondary data. The tools used are ANNOVA & simple percentage method.

**Key words:-** Consumerization, Retention, Customer Delight, Total Employee Involvement

## I. INTRODUCTION :-HR CONSUMERIZATION DEFINED

Workplace futurist Jeanne Meister described the Consumerization of HR in Forbes, saying, "The new aim is to create one employer brand which provides a seamless experience for current employees, future employees, and consumer to create the type of memorable employee experiences we associate with extraordinary customer experiences."

This concept will mean different things for every organization. It requires companies to view holistically about the work environment they make, for both their stakeholders, and creating a memorable experience with the company. It is the final expression of business ethics, identity and culture. It comprises of looking at every aspect of a business from this perspective, including:

- Human Resources
- Real Estate
- Information & Technology
- Marketing
- Communications
- Finance
- Retail etc

By looking at every facet of a business for creating the desired experience, organization will make sure that they have a competitive edge over others in attracting, selecting and retaining the Human Capital.

Not Marketing but HR:-

Jeanne Meister, best-selling author and consultant for Fortune 1000 companies in the field of human resources, marketing, and corporate learning, keeps a close eye on the changing globalization and social media trends, and how these trends affect the future of the workplace.

Just as marketing caters to the needs of customers & to optimize their experience to engage them with a brand or product, HR consumerization aims to engage employees in a more complete manner with the company's culture. This involves broadening the spectrum of working style by more than just engaging social media to recruit and retain employees.

## Consumerization of HR affecting the Performance Management Process

There will be a major transformation in the Performance Management process with the introduction of HR Consumerization. There are different effective strategies & ways that can help inform and shape workplace consumerization:

- Create a culture of performance: Emphasis on the environment where creative minds take over the headless bodies.
- Foster one to one communication: Personal and professional conversations can enhance employee engagement, while continuous 360-feedback enables ongoing growth and development.
- Establish flexibility and autonomy as a strategic followed rather than an employee benefit:
- Employ innovative strategies as an employee engagement tool: Gone are the days when traditional methods of recruitment & selection were sufficient for the Organization. Looking at the complexity of work we require a more versatile employees in the organization.

Human resources department will now take a lead in this shift and rather than structuring employment, will be on the leading edge of consumerization in the workplace. The result will be all the employees who have the same experience and perception of the company's brand as its customers do. This holistic concept uses technological intervention and data management to develop personalized environments for employees and consumers alike – those that see us as individuals with our own goals, preferences and interests, and help us to create the career and life that we want.

If we can achieve all of that, the result may just be sky-high engagement numbers and a workplace that feels an awful lot like a “home away from home”.

Get the tools to help make performance management easier and more effective for all of your employees. Click below to deep dive into Quantum Workplace's performance management apps.

HR service delivery is the new frontier. Innovation in HR is exploding. We are transitioning our focus beyond core HR recruiting and talent management systems to how HR is going digital in the service delivery space and what that means for the employee experience as well as the HR profession overall.

## II. LITERATURE REVIEW

Beer explained HRM as including all those management processes and actions that has an impact affect the nature of the relationship between the organization and the employee. Important about this definition is the addition of the phrase "action". This has made Beer and his colleagues the pioneer to declare that implementing effective HRM practices is the responsibility of line managers (Blyton and Turnbull, 1996; Armstrong, 1998).

A particular definition of HRM which is propounded, is the one provided by Miller (1987) when he defined HRM as "those decisions and actions which concern

the management of employees at all levels in the business and which are related to the implementation of strategies directed towards creating and sustaining competitive advantage".

Owing to how these HRM models view the management of human resources in accordance to organizational performance each has its own perspective. Starting with the Harvard Michigan Business School Model, the strategic theme of the first is to use the talents of employees to enrich the aspects of organizational performance. The latter uses employees to achieve organizational objectives (Hendry and Pettigrew, 1990). There is a major difference between the two views. For example the Harvard Business School Model focuses on the human aspect of human resource Management while the Michigan Business School is considered as instrumental in the execution of organizational performance (Sparrow and Hiltrop, 1994). Thus, the Harvard Business School Model is basically recognized as drawing its academic lineage from the school of human relations while the Michigan Business School Model seems to follow the line of the Scientific Management School and other approaches which ignore the importance of questions about culture and non-economic factors in the management of human resources (Poole, 1990). Jeffery Arthur (1994, p :6 72) pointed out that, "The goal of control human resource systems is to decrease the direct labor costs, to discipline employees to comply with prescribed rules and procedures and to base employee rewards on some measurable output criteria.

In contrast, the goal of the commitment human resource systems is to shape desired employee behavior and attitudes by forging psychological links between organizational and employee needs".

### The Need to Shift :-

HR service delivery has a broad spectrum, and it can be overwhelming for an HR leader. The place for a head start is the heart of service delivery: attending to employee inquiries. If we start by changing structure and visibility to this basic process, we radically and effectively shift the employee service experience. We will allow employees to have more direct access and involvement to information and it's assimilation in turn reducing their dependence on HR. To begin, start with a knowledge base and case management, two basic components of an HR service delivery strategy that may be executed in a relatively shorter time.

Once we have this basic structure right in place and we have an access to business forecasting, and hence we may leverage office automation to decrease manual work across our organization.

As we look into the future and towards creating an idealistic workplace, we must begin by transforming our overall HR service delivery strategy. We should deliver

services to your employees from pre-employment and beyond, by eliminating the term “self service” from our vocabulary. HR is in a position today to be creative leaders in their organization, and HR service delivery is just the required niche we have been looking for to make a truly meaningful impression on the future of our business.

According to a Gallup poll, only 32% of workers identify oneself as totally engaged employees, while 51% identify themselves as not soengaged and 17% identify themselves as actively disengaged. HR managers job is to implement new methodologies to engage employees more fully. To this end, a growing trend in HR is consumerization should be initiated.

### How Consumerization Impacts the Role of HR.

Gone are the days where an employee has to access the required HR services through a fixed appointment with an HR executive or an educational program fixed at the convenience of HR staff or other employees, HR technologies now allow employees to avail HR resources such as training courses, presentations, and interactive employment tools through mobile HR software on the device of their own choice, and at a time and place convenient to them.

HR technology that allows for instant employee feedback and collaboration prompts greater employee engagement, thus boosting employee satisfaction and retention.

### Consumerization Converts Employees into Brand Advocates

Creating a strong and effective employee experience by the use of social media, online learning tools, employee feedback solicitation through employee engagement software, and employee involvement strategies will surely do even more to improve employee engagement.

Borrowing another strategy from the marketing concept, HR managers are discovering that employees can become powerful advocates for a company brand.

The potential is well established. Making use of the intervention of technology to promote brand advocacy among our employees will position our company's brand effectively, and will help us to attract customers to our company and thus positively contributing to our diverse workforce. Happy and contented employees become brand advocates through their personal social media accounts.

### Consumerization facilitates Employees' Work for today and anticipates their needs for Tomorrow.

According to aRanstadreport ,47% of HR managers are suggesting acquisition of independent contractors as part of their overall recruiting strategies. This trend results because of the growing employee interest inhaving a good work/life balance. It is estimated that by 2020, as

much as 40% of the American workforce will be independent contractors or freelancers.

Emerging HR systems and technologies will help HR stay relevant and abreast with the changes outside as the world of work is changing radically. Keeping employees engaged through consumerization will move HR into position to put forward a strong and concrete strategic contribution to a company's brand and culture, both internal and external.

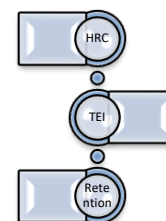
### The Growing Consumerization of HR: Implications and challenges.

We live in an age of instant gratification. Anything we require to buy,consume, read, listen etcis available on demand, anytime and anywhere. It's the trend of “consumerization”, which is today engrossing everyone across industries, redefining products and services. As individuals' day to day lives continue to get transformed by this inadvertent wave powered and coupled by different disruptive digital technologies including mobility and broadband—they are increasing expectations of the employees for similar experiences at their workplaces too. Making this shift from a traditional HR to a consumerized one will not be easy, however—for three major reasons:

- First, the existing architecture of processes of most HR management systems is fixed and not flexible enough to accommodate the increasing diverse working systems of multinational workforce across different locations.
- Secondly the awareness among the employees in smaller areas of the country and their lack of technological knowledge will make it difficult to implement automation.
- Third, the rigid workflows and business processes present at several organizations make it difficult for HR to effectively cater to the emerging service expectations of employees.

The Model for the HR in the coming times:-

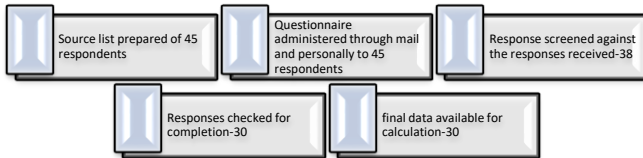
From the Literature Review it was found the HR consumerism has an impact on total employee Involvement and Total Employee Involvement affects Employee retention .This is because when employees are mentally involved in the functioning of the organization,then they have a better sense of belongingness which contributes to their retention.



Where HRC-Human Resource Consumerism,TEI-Total Employee Involvement,ER-Employee Retention

This paper tries to investigate the role of HR consumerism in the city of Bhopal and it's impact on the productivity and retention of the employees. A questionnaire was administered to the respondents asking them about their current and expected experiences about the HR process in their respective organization. The role of HR experience in the retention of the employees was also studied.

The flow of the study :-



**Research Methodology:-**

The study was conducted amongst the professionals at the managerial level in the Bhopal region as to understand the changing perspective of Human Resource Management in the present day time.

**Hypothesis:-**

H01: There is no correlation between HR consumerism & Total Employee Involvement

H02: There is no impact of Total Employee Involvement & Employee retention.

H03: Human Resource Management has no impact HR Consumerism amongst the male & female employees.

1.Type of Research :- The research conducted was both associative as well as applied as the outcomes of the survey would be used to rectify HR problems of the organization.

2.Type of data:-The data used in the study is both primary as well as secondary

3.Tools used for data collection:-The primary data was collected through questionnaire method and for the secondary data ,journals,magzines and reports were used.

4.Sampling Techniques:-The sampling technique used was non probability snowball sampling .

5.Number of samples:- The questionnaire was floated amongst 45 professionals.

6.Tools used :-Pearson's correlation method was used to understand the correlation between the variables and Independent t test and correlation method were used to analyze the data.

**Hypothesis testing :-**

H01 : There is no correlation between HR consumerism & Total Employee Involvement.

HRC TEI

	Pearson Correlation	1	.096
HRC	Sig.(2-tailed)		.613
	N	30	30
	Pearson Correlation	.096	1
TEI	Sig.(2-tailed)	.613	

	N	30	30

Here HRC is HR consumerism & TEI is Total Employee Involvement. There is a positive correlation between HR consumerism & Total employee Involvement .Therefore the Null hypothesis is rejected and alternative hypothesis is accepted.

H02: There is no impact of Total Employee Involvement & Employee retention.

TEI ER

	Pearson Correlation	1	-.54
TEI	Sig.(2-tailed)		.786
	N	30	30
	Pearson Correlation	-.054	1
ER	Sig.(2-tailed)	.786	
	N	30	30

Here TEI is Total Employee Involvement & ER is Employee retention. There is a strong positive correlation between Total Employee Involvement & Employee Retention. Hence the Null Hypothesis H02 is rejected and the alternative hypothesis is accepted.

H03: The impact of HR Consumerism is not dependent upon the gender of the employees.

	Levene's Test for Equality of Variance	F	Sig.	t	df	Sig(2-tailed)	Mean Difference	Std. Error of Difference
HRC	Equal Variances assumed	.000	1.000	-2.066	28	.046	-1.665	.803
	Equal Variances not assumed			-2.066	27.983	.046	-1.665	.803

From this table we conclude that there is no significant difference in the impact of HR consumerism and gender of the employees. Hence the null hypothesis is accepted .

**III. CONCLUSION**

We may conclude that there is a paradigm shift in the way processes are carried out in an organization and the conventional working has been replaced by the modern ideologies that are guided by a greater level of awareness and expectations from all the stakeholders. In this competitive world the importance of Human Capital has taken a front seat and organizations are putting in the best of efforts to make employee and customers association pleasurable.

#### IV. FUTURE SCOPE OF THE STUDY

The study in the research paper has established a relationship between HR consumerism and employee retention. Innovative and exclusive HR policies can serve as a remedy for the organizational problems. In this study we have catered to only the service industry. Other sectors may also be taken under the preview of the study.

Limitation:-Only the service industry has been catered to in this study .The number of respondents can also be increased. The type of city and work profile may alter the results.

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# Impact of Service Quality on Consumer Buying Behavior: A Study with Special Reference to Selected Organized Food Retail Store in Bhopal City

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**Abstract -** At present scenario of the business. Service quality and consumer buying behavior has become significant and vital issue for each and every business organizations, however it is important for both consumer as well as organizations. As knows that, service quality is only issue, observed by consumer during purchasing of goods and service and it is directly related with consumer satisfactions. Therefore each and every organization implementing efforts towards increasing quality of service in order to create satisfy consumer base. The present study deals with the impact of service quality on consumer buying behavior, in this process few organized food retail store of Bhopal city has been identified and covers only those customer who directly subscribed service without involving any other stock holder. This research study is based on primary as well as secondary data, collected through various sources. In order to define relationship between service quality and consumer buying behavior few aspect of service quality has been discussed with consumer buying behavior. Findings of the study suggested that, all the aspects of service have great impact on consumer buying behavior.

**Keywords –** consumer, food retail store, quality.

## I. INTRODUCTION

At this Global age of competition study about service quality and Consumer Buying Behavior become most important factor because they are directly related with satisfaction level of customers. As knows that, Service Quality has been reported as evident relationship between Satisfaction of Customer, Retention of Customer, and Loyalty of Customer etc. without providing excellent quality in service it is very difficult to survive in the market. Today's Consumer has become more and more challenging because apart from Excellent Product they demand excellent quality of service during dealing with service providers. It has been observing that trend of organized food retail store are rapidly increasing in India and more and more peoples are regularly connected with various types of purchasing store such as Bog Bazaar, Super market etc. consumer made connectivity with any types of purchasing hub due to availability of product and service under one roof. Availability of service and consistency in Product, Delivery and Environment are the important elements observed by the customer during selection of Retail Store. Present research study deals with Impact of service Quality on Consumer Buying Behavior towards Organized Food Retail Store in Bhopal City. In order to identify relationship between Service Quality and Consumer Buying Behavior various aspects of service has

been discussed and identify from the consumer point of view such as Service Product, Service Delivery and Service Environment.

## II. REVIEW OF LITERATURE

Ladda Vatjanasaregagul (2007), Conducted a research study on "The Impact of Service Quality and Consumer Decision Factors on Brand Equity" this study deals with the relationship between Service quality and consumer decision factor in hotel industry. In order to complete the research total 370 guest taken as sample size. Findings of the study clearly indicated that, there is no significant difference between expectation and perception of consumer towards service quality of hotel industry. On the other hand result suggested that, there is a relationship between quality perception and consumer decision factors. Furthermore, a relationship was found between quality perception and brand equity in the hotels

Seyed Rajab Nikhashemi (2012), conducted a research study on "Service Quality and Consumer Purchasing Intention Toward Online Ticketing: An Empirical Study in Iran" the purpose of this research is to describe relationship between service quality and consumer purchase intention for online purchasing. In order to complete this research authors find out few groups of who purchased traditionally while other purchase on line.



Outcomes of this study indicated that there is need to prepare some policy for proper awareness among group of people about online shopping. On the other hand findings of the study clearly indicated that service quality of e-shopping has great impact on consumer purchase intentions.

Waqas Mehmood (2015), conducted a research study on “Impact of Customer Satisfaction, Service Quality, Brand Image on Purchase Intention” purpose of this study is to describe relationship between Customer Satisfaction, Brand Image and purchase intentions. Findings of the study indicated that Customer satisfaction has direct impact of purchase intentions while brand image is favorable to purchase intentions, this study suggested that mobile companies have to work for service quality and brand image in order to satisfy customer,

### III. METHODOLOGY

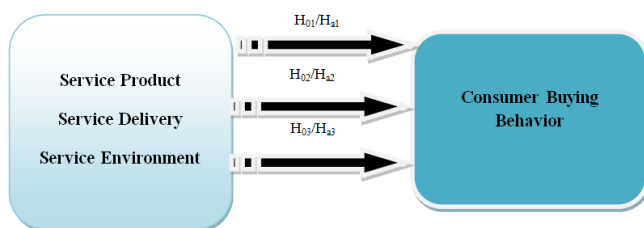
Methodology is the systematic, hypothetical analysis of the process applied for the study. It includes the theoretical analysis of various tools, techniques and principles connected with a branch of information’s. This chapter details deals with overall theoretical as well as analytical process of the research, it comprise objective of the study, development of the hypothesis, frameworks of the research, research design, data collections, sampling techniques, area of research, data analysis tools and techniques, limitations of the study etc.

#### Objectives of the Present study

Objectives of the present study are as under

1. To study the relationship between Service quality of Organized food retail store and Consumer Buying Behavior towards Service Products
2. To study the relationship between Service quality of Organized food retail store and Consumer Buying Behavior towards Service Delivery
3. To study the relationship between Service quality of Organized food retail store and Consumer Buying Behavior towards Service Environment

#### Research Framework



(Figure 1 Research Framework)

#### Hypothesis of the study

Present study deals with null as well as alternative hypothesis based on various aspects of service quality of

organized food retails store such as, Service Products, Service Delivery and Service Environment

Hypothesis for present study are as under

H<sub>01</sub>: There is no significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Products

H<sub>a1</sub>: There is a significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Products

H<sub>02</sub>: There is no significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Delivery

H<sub>a2</sub>: There is a significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Delivery

H<sub>03</sub>: There is no significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Environment

H<sub>a3</sub>: There is a significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Environment

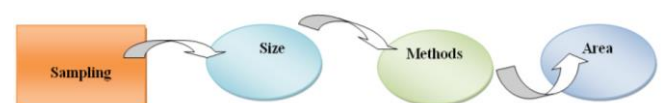
### IV. RESEARCH DESIGN

Research Design for present study is Descriptive and quantitative in nature, therefore primary as well as secondary data has been used to examine relationship between service quality of organized food retail store and consumer buying behavior. Primary and secondary data has been collected through various instruments.

1. Primary Data: Primary data has been collected through questionnaire method. In this process, a well prepared questionnaire containing 15 questions which further classified in three categories based on various aspects of service quality such as Service Products, Service Delivery and Service Environment
2. Secondary Data: Secondary data has been obtained from various instruments such as Published work, books etc

#### Sampling

Under the sampling following steps has been adopted



1. Size: Random and purposive method was adopted to collect the sample among whole populations. In order to maintain accuracy sample were collected from different demographically and geographically location of peoples of Bhopal City. questionnaire distributed among 200 peoples in which total 173 found correct and complete

N=173

2. Sample Area : Sample area of present study is Bhopal which further classified in various areas of Bhopal city in which Organized food retail store are located
3. Sample Methods: Random and purposive methods of sampling has been adopted to collect the sample

### Limitations of the study

Study has following limitations

1. The limitation of time constraint because data were collected from the selected respondents within the fixed duration
2. Sample size is restricted only in Bhopal city
3. study only covers selected Organized food retail store of Bhopal city
4. study only covers few aspects of service quality

## V. DATA ANALYSIS

Analysis of Data based on relationship between Service quality of organized food retail store and consumer buying Behavior. In this process of Data analysis testing's of hypothesis done in order to describe relationship between various study variables, testing's of hypothesis based on t test for  $p \leq 0.05$ .

Testing's of Hypothesis

**Table 1 Result of Hypothesis Testing's (Relationship between Service Quality and Consumer Buying Behavior)**

Hypothesis	Independent Variables	Dependent Variable	t	Significant
H <sub>01</sub> / H <sub>a1</sub>	Service Product	Consumer Buying Behavior	3.82	.034
H <sub>02</sub> / H <sub>a2</sub>	Service Delivery		2.69	.028
H <sub>03</sub> / H <sub>a3</sub>	Service Environment		3.33	.021

### Interpretation:

1. It has been observed from table that, for first hypothesis value of t is 3.82 and significant at the level of .034 and  $P \leq 0.05$ , which clearly indicated that our first alternative hypothesis " There is a significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Products" is accepted and null hypothesis is rejected

H<sub>01</sub> = Rejected

H<sub>a1</sub> = Accepted

2. It has been observed from table that, for second hypothesis value of t is 2.69 and significant at the level of .028 and  $P \leq 0.05$  which clearly indicated that our second alternative hypothesis " There is a significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Delivery" is accepted and null hypothesis is rejected

H<sub>02</sub> = Rejected

H<sub>a2</sub> = Accepted

3. It has been observed from table that, for third hypothesis value of t is 3.33 and significant at the level of .021 and  $P \leq 0.05$ , which clearly indicated that our third alternative hypothesis " There is a significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Environment" is accepted and null hypothesis is rejected

H<sub>03</sub> = Rejected

H<sub>a3</sub> = Accepted

**Table 2 Summary of Hypothesis Testing's**

Hypothesis	Statements	Result
H <sub>01</sub>	H <sub>01</sub> : There is no significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Products	Rejected
H <sub>a1</sub>	H <sub>a1</sub> : There is a significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Products	Accepted
H <sub>02</sub>	H <sub>02</sub> : There is no significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Delivery	Rejected
H <sub>a2</sub>	H <sub>a2</sub> : There is a significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Delivery	Accepted
H <sub>03</sub>	H <sub>03</sub> : There is no significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Environment	Rejected
H <sub>a3</sub>	H <sub>a3</sub> : There is a significant relationship between Service quality of organized food retail store and consumer buying behavior with respect to Service Environment	Accepted

## VI. FINDINGS AND CONCLUSION

Service quality treated as significant issue towards success of any business because without having excellent quality in service survival for a long time is not possible. Recently it is observing that food retail store are carefully focusing on Consumer Buying Behavior by providing service as per their expectations, because they knows that without having proper study of consumer buying behavior no one can make them satisfy. Study of consumer buying behavior is vital issue because Consumer just like the king of the market, in real he always decide supremacy of the market and actual market leader always be elected by the consumer.

On the basis of data analysis and hypothesis result study can be conclude as

1. Analysis of data and result of hypothesis testing's indicated that, value of "t" is positively significant between Service Quality and Consumer Buying Behavior with respect to the Service Product, therefore it can be concluded that Service Product of organized food retail store has great and positive impact on Consumer Buying Behavior. On the other hand it can be concluded that there is significant and positive relationship between Service Quality of organized food retail store and Consumer Buying Behavior towards Service Products.
2. In table 1 relationship between Service Quality and Consumer Buying Behavior with respect to the Service Delivery can be seen, value of "t" for Service Delivery and Consumer Buying Behavior is positively significant. On the basis of hypothesis result it can be concluded that, Service Delivery of organized food retail store has positive impact on Consumer Buying Behavior. In the other way it may be describe that, there is significant and positive relationship between Service Quality of organized food retail store and Consumer Buying Behavior towards Service Delivery.
3. It can be observed from the hypothesis result that, value of "t" for relationship between Service Quality and Consumer Buying Behavior with respect to the Service Environment is positively significant. The statement clearly indicated that, service Delivery of Organized food retail store has positive and significant impact on Consumer Buying Behavior. On the other hand it can be concluded that, there is significant and positive relationship between service quality of organized food retail store and Consumer Buying Behavior towards Service Environment.

## VII. SCOPES FOR FUTURE RESEARCH

Scopes for future research are as under

1. Present Study only Covers few aspects of Service Quality Such as Products, Delivery and Environment in future another's aspects of service can be adopted such as Reliability, Tangibility, Assurance, Empathy and Responsiveness
2. Study only covers selected organized food retail store in future research can covet more retail store in Madhya Pradesh as well as India
3. Study discussed relationship between Service Quality and Consumer Buying Behavior in future researcher can discussed Customer Satisfaction and Customer Loyalty

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# A study of Social Enterprise Creation in India for Global Economy

Smita Gupta Banodia, Dr. Nishith Dubey

**Abstract - India is a fast growing global economy in few years it will become 5th largest global economy of the world. Social organisations have been there in India since long but social business is a comparatively a new phenomenon in the country even though, social entrepreneurship has advanced significantly over the last decade in India. Further, more and more people are using their entrepreneurial skills in building sustainable enterprises for profit and non-profit to cause and achieve change in India. Non-profit organizations are blooming significantly in India, which bridge the gap between have and have-nots. Social entrepreneurship is supposed to be of great significance to influence Indian economy because the country copes with various social issues. It would help in achieving a balance between a growing GDP, inclusive growth and attempting to deal with issues like education, nutrition, energy efficiency and climate change. This paper attempts an analytical examination of social entrepreneurs in India.**

**Key words:** *global economy, social entrepreneurship, growth and social entrepreneurial factors.*

## I. INTRODUCTION

The term social entrepreneurship was first introduced by Bill Drayton in 1963. Later, Social entrepreneurship as a phenomenon was more recognized to the world in the 1980s. The awareness about Social Entrepreneurship was more because of the foundation of Ashoka by Bill Drayton, the first organization to work in this field and support the development of social entrepreneurs all over the world. The organization provides them many supports like, consultation from experts to financial advice and funding. Drucker (1990) described the term “social innovation” and mentioned the requirement of managerial practices in not for profit organizations so as to recognize the usefulness of achieving social mission to a greater extent. Schwab Foundation for Social Entrepreneurship (2017) identifies and selects a comprehensive group of exceptional social entrepreneurs from around the world who could influence the social status of the world for betterment of underprivileged people. Various social enterprises join this community to bring a positive social change all around the world.

The term entrepreneurship generally describes a phenomenon by which new products, services and processes are taken in as a sustainable part of the society. Societies depend on entrepreneurs to coerce growth, looking for various innovative solutions to society's urgent problems, and pioneer technologies. Entrepreneurship is limited to the for-profit business world and profit is fundamental for a sustainable organization. When profit is not always the end goal, the social entrepreneurship is developed and implemented for providing many social solutions. Social entrepreneurship intends to benefit the community by readdressing all profit back towards operations to fulfill a social mission. Trends from the

preceding few decades show that social entrepreneurs are motivated to find more effective and sustainable solutions to social problems using the means from the business world. The social entrepreneur harnesses entrepreneurship skills to do social good.

According to J. Gregory Dees, social entrepreneurship “combines the passion of a social mission with an image of business-like discipline, innovation, and determination commonly associated with, for instance, the high-tech pioneers of Silicon Valley.” According to Martin & Osberg, “the Social Entrepreneur aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large.” Moreover, the social entrepreneur targets its programs at the “underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own.” Social entrepreneurs are builders of a better world.

In 2006, Muhammad Yunus, who founded Grameen Bank received the Nobel Peace Prize for helping clients overcome poverty in Bangladesh by establishing creditworthiness and financial independence through the process of micro-credit. Micro-credit had been around in various forms for centuries, but Yunus was the first to challenge its theory by showing how it could be used as a strategy to alleviate poverty by extending collateral-free loans to poor villagers in cost-efficient, sustainable manner.

Many social entrepreneurs have taken personal initiatives to solve problems of a social nature and created foundation that help people fulfilling their needs and wants. Historical examples of Raja Ram Mohan Roy, Vinova Bhave, Mother Teresa, Mahatma Gandhi and in present time Anna Hazare, Baba Amte, MedhaPatkar, Verghese Kurien Dr.

Romesh Wadhvani, Kailash Satyarthi are few names to mention who have been a pioneer in establishing the concept of social entrepreneurship in India.

Social entrepreneurship may be thought as a new term but it is an age old concept. Some recent examples of social entrepreneurs include the first female MBBS, gynecologist in Indore Dr. Bhakti Yadav, a 91-year-old, who has been treating patients for free since 1948. Her inspiring spirit to serve patients till her last breath is laudable. She has helped deliver thousands of babies, without taking any fees from her patients. Some well known Indians identified the urgent need and potential of Social Entrepreneurship quite early. Two of them are the Social Entrepreneurs Dr. Govindappa Venkataswamy and Thulasiraj D. Ravilla who established the Arvind Eye Hospital in 1976. Social entrepreneurs are people or organizations that use economic and technological innovation to achieve social goals. Social entrepreneurs often seem to be possessed by their ideas, committing their lives to changing the direction of their field. They are visionaries, but also realists, and are ultimately concerned with the practical implementation of their vision above all else (Dees, 1998).

## II. SOCIAL ENTREPRENEURSHIP AND GLOBAL ECONOMY

Social entrepreneurship has brought change in India to a little extent. It has brought a progress in generating job opportunities, innovation in the marketplace and alleviation of poverty by improving the social investment. Setting up of social entrepreneurship is essential for the economic development and growth, in particular for a developing economy like India. Social entrepreneurship is a part of the social economy and social economy is a part of economic realism. Existing social models and business models need to be revived to ensure sustainable development and global economic growth. Another shift that has happened over the last ten years is that the Indian government and NGOs (non-governmental organisations) have realized that they not only have to co-exist but to work with each other to effect change. India still has a long way to go compared to the West where governments are funding non-profit organisations by outsourcing social sector services. In India the government does not fund all these initiatives but the fact that they allow these organisations to operate within the government structure, can effect great change because they have access to hundreds of millions of people, they will never be able to access on their own as they are operating with one hand tied behind their back is progress.

Emergence of Social entrepreneurship in India is caused mainly because of the inability of government to do developmental operations in all parts of the country. This is the reason the government is quite interested in promoting social entrepreneurship. It may not fund these

social operations but by encouraging these activities by promoting them. Social entrepreneurship encourages local people to take the drive and commitment to bring change by people itself. In recent past Social entrepreneurs in India have got substantial success in addressing social problems. The reason behind their success and the emergence of social businesses is the fact that the solutions are practical and realistic. Social entrepreneurs address existing gaps in society which are in urgent need of practical solutions.

The initiatives to implement solutions are driven by visionary, dedicated and passionate persons who are ready to strive to ensure their dreams do come true to bring a social reform. Social entrepreneurship is indeed going to be a promising field and will influence India as the country struggles to achieve a balance between a growing GDP growth and increasing poverty and ever widening gap between rich and poor. Social entrepreneurship will ensure inclusive growth and efforts to address issues ranging from education, nutrition, energy efficiency to climate change. Social entrepreneurs are identified as a medium for economic development and social cohesion. It helps to build flexible and receptive social market economy in the country. Social enterprises work for creating jobs, providing innovative services and products, promoting a sustainable economy, creating opportunities and hope for the future growth and development activities. Social entrepreneurs are agents of change, who are passionate to improve the lives of people.

In recent years, social entrepreneurship initiatives have gained an important place in the economies of many countries around the world. In India, the interest in social entrepreneurship has increased only in the last several years. The number of stakeholders involved in social entrepreneurship activities is still low. Recently, initiatives are being taken for the recognition of social enterprises by the government for the development of a social entrepreneurship strategy. It acknowledges its importance in the socio-economic development and attempts to establish new balance in the society. For the social entrepreneurs in India to be willing to invest their knowledge and skills, as well as their time and energy, it is indispensable to ascertain a working environment which motivates employees' creativity and the process of innovation, while it is also obligatory to emphasize that this cannot be accomplished without appropriate support and understanding at all levels within the state. Therefore, encouragement to establish a social enterprise, that ensures the willingness to enable, support and promote social entrepreneurial activities by providing all required resources, is an essential factor in the development of social entrepreneurship.

The consequences of the financial crises, the inability to cope up with an all pervasive and overall development, have highlighted necessity of social enterprises that have

demonstrated sturdiness in phases of negative trade and industry developments and stable positive social impact on the societies in where these social entrepreneurs are working. The concept of social entrepreneurship in India has become identifiable in the previous years, mostly because of initiatives taken by nonprofit organizations and their initiatives. Though social entrepreneurship is a new model in dealing with social problems; it is increasingly getting popular in the world. However, organizations and individuals that are associated with the social entrepreneurship development are faced with various problems, for instance lack of structural support, misinterpretation of the concept and the obscurity about responsibilities for its implementation by institutions dealing with various social issues.

The impact of entrepreneurial development has a positive influence on the development of social entrepreneurship in the last few decades. As a result, the new entrepreneurial culture has also spread to the social sector. Increasingly, social enterprises are addressing the needs of the society in the social sector and achieving socio-economic security. Social entrepreneurship involves innovative and financially sustainable activities for social problems. However, for financial stability, their purpose may be to create financial resources to implement social objectives to achieve social mission.

### III. RESEARCH METHODOLOGY

**Objective:** The objectives of the study are to-

1. Identify factors of social entrepreneurs
2. Develop an understanding of these factors for future development and growth of social sector.

#### Research Design:

The research design describes the methodology used in this study which adopts the quantitative investigation through random sampling technique. Primary data was collected through questionnaire method for empirical investigation to obtain the comprehensive view concerning the influence of personality traits and social entrepreneurship.

**Sample and sample size:** the sample comprises of fifty social entrepreneurs working in different cities by random sampling method.

**Data collection:** Primary data was collected with the help of a structured questionnaire. Factor analysis was done to identify the traits of social entrepreneurs in India. The data were analyzed with the help of statistical package of the social science (SPSS). The statistical tools used to analyze the data were Kaiser-Meyer-Olkin (KMO), Bartlett's test and Factor Analysis.

### IV. DATA ANALYSIS AND INTERPRETATION

#### Reliability Test:

Reliability of the data collected was tested by observing the Cronbach Alpha value through SPSS. Reliability is an assessment of the degree of consistency between multiple measurements of a variable (Hair et al., 2009:329). It has to do with the accuracy and precision of a measurement procedure (Cooper and Schindler, 2008:330). As this study forms a preliminary research into social entrepreneurship, the Cronbach alpha of 0.60 and above will be considered to be reliable (Hair et al., 2006, pp. 137–139; Nunnally, 1967 p. 226 cited in Peterson, 1994).

**Table 2: Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.786	.791	20

**Interpretation:** Here we see that the Cronbach alpha value is .786 which is more than .60, so we can say that the data is reliable.

**Table 2: Item-Total Statistics**

Item	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
1	115.900000	98.007	.286	.780
2	115.300000	97.520	.369	.777
3	116.020000	98.074	.196	.788
4	115.480000	97.773	.100	.781
5	115.280000	93.691	.546	.768
6	115.440000	94.544	.514	.770
7	115.680000	97.917	.298	.780
8	115.360000	93.408	.540	.768
9	115.380000	93.686	.453	.771
10	115.280000	97.385	.189	.770
11	115.420000	99.732	.228	.783
12	115.300000	97.191	.447	.774
13	115.180000	97.773	.383	.777
14	115.300000	95.176	.494	.771
15	115.260000	98.119	.271	.761
16	115.200000	95.786	.466	.772
17	115.280000	97.240	.209	.780
18	115.120000	91.883	.635	.763
19	115.380000	100.490	.227	.783
20	115.180000	97.265	.376	.777
REGR factor score 1 for analysis 1	121.460000	97.677	.309	.780
REGR factor score 2 for analysis 1	121.460000	95.692	.414	.774
REGR factor score 3 for analysis 1	121.460000	95.886	.404	.775
REGR factor score 4 for analysis 1	121.460000	100.638	.157	.787
REGR	121.460000	98.701	.256	.782

factor score 5 for analysis 1				
REGR factor score 6 for analysis 1	121.4600000	100.485	.165	.787
REGR factor score 7 for analysis 1	121.4600000	100.367	.171	.786
REGR factor score 8 for analysis 1	121.4600000	102.136	.082	.791

**Interpretation:** from the above table we can see that the Cronbach alpha value is .786 and the Cronbach's Alpha if Item Deleted value is near about this value so all the items selected in the questionnaire for the study are reliable and valid.

### FACTOR ANALYSIS

**Table 3: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.598
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variables. Bartlett test is also significant and shows that analysis is useful with this data.

**Table 4: 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	4.446	22.230	22.230	4.446	22.230	22.230	2.461	12.307	12.307
2	1.951	9.753	31.983	1.951	9.753	31.983	2.160	10.802	23.108
3	1.900	9.501	41.484	1.900	9.501	41.484	2.134	10.671	33.780
4	1.585	7.926	49.410	1.585	7.926	49.410	1.820	9.100	42.879
5	1.359	6.797	56.207	1.359	6.797	56.207	1.659	8.293	51.173
6	1.265	6.327	62.534	1.265	6.327	62.534	1.509	7.547	58.719
7	1.057	5.284	67.818	1.057	5.284	67.818	1.441	7.206	65.925
8	1.008	5.041	72.859	1.008	5.041	72.859	1.387	6.933	72.859
9	.918	4.590	77.449						
10	.868	4.340	81.789						
11	.694	3.470	85.259						
12	.624	3.119	88.377						
13	.495	2.474	90.851						
14	.454	2.272	93.123						
15	.361	1.806	94.930						
16	.315	1.577	96.507						
17	.256	1.282	97.789						
18	.209	1.045	98.834						
19	.139	.693	99.527						
20	.095	.473	100.000						

**Interpretation:** To extract the factors, principal component analysis method was used, as it consider the total variance in the data and derives the factors that contain small proportions of unique variance and in some instances, error variance. Table 5 shows rotated component matrix. Extraction Method: Principal Component Analysis. This table shows that 8 variables are explaining 72.859% variation in the data and remaining 12 variables are explaining 37% variation in the data only. So, for this study we restrict for 8 variables.

Bartlett's Test of Sphericity	Approx. Chi-Square	336.990
	df	190
	Sig.	.000

**Interpretation-** According to Malhotra (2008), "The Kaiser-Meyer-Olkin (KMO) Measure for sampling adequacy is an index used to examine the appropriateness of factors analysis. It is an index to quantify the degree of inter-correlations among the variables. This examines the appropriateness of factor analysis. It compares the magnitudes of observed correlation coefficients to magnitude of partial correlation coefficients. The KMO value varies from 0 to 1. High value (between 0.5 to 1.0) indicates factor analysis is appropriate. Small values of KMO Statistic indicate that correlations between pairs of variables cannot be explained by other variables, and hence, factor analysis is not suitable."

In the current analysis the KMO value is more than 0.50, it shows Factor Analysis is useful to find the factor loading of different

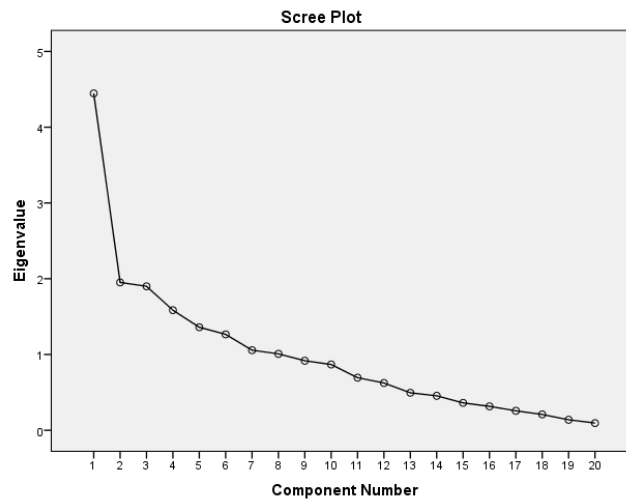


Figure 1: Scree Plot

Table 5: Rotated Component Matrix<sup>a</sup>

	Component							
	1	2	3	4	5	6	7	8
1								
2	.714							
3							.837	
4				.557				
5		.837						
6					.722			
7						.819		
8			.740					
9		.710						
10								.857
11					.787			
12		.580						
13	.824							
14			.850					
15								
16	.624							
17				.856				
18								
19	.625							
20			.509					

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 16 iterations.

Table 6: Factors for SE

S.N.	Factors	Factor Name
1	2,13,16,19	Being pro-active
2	5,9,12	concern for society
3	8,14,20	Self motivated
4	4,17	Social welfare inclination
5	6,11	Opportunity seeker
6	7	Self Satisfied
7	3	Innovative
8	10	Creative thinker

## V. RESULT AND FINDINGS

The Factor Analysis test has extracted 8 factors. According to the loading of variables on these eight factors, they can be explained as follows along with their names.

**1. Proactive:** Total four variables i.e. item no. 2,13,16,19 were identified under factor 1 which are, decision making abilities (.714), good public relation skills (.824), importance of education in acting confidently (.624) and

helping others for decision making (.625). These variables are grouped under **Proactive**; as these variables reflect each social entrepreneur's ability to work on his/her own to make their fortune. This extracted factor explains 12.307 % of variance, which is the highest among all the factors.

**2. Concern for society:** Total three variables i.e. item no. 5,9,12 were under factor 2 which are, integration of thoughts and action (.837), spiritual inclination (.710)



and good moral values in one's life (.580). These variables are grouped under **Concern for society**; as these variables reflect each social entrepreneur's concern for a better society through the purity of thoughts and action. This extracted factor explains 10.802 % of variance, which is the second highest among all the factors.

**3. Self-motivated:** Total three variables i.e. item no. 8, 14, 20 were identified under factor 3 which are, dealing with everyday problems positively (.740), optimistic (.850) and importance of self involvement in work (.509). These variables are grouped under **Self motivated**; as these variables reflect each social entrepreneur's ability to work on his/her own to achieve their goals. This extracted factor explains 10.671 % of variance, which is the third highest among all the factors.

**4. Social welfare inclination:** Total two variables i.e. item no. 4, 17 were identified under factor 4 which are, being socially aware (.557) and self contentment by social work (.856). These variables are grouped under **Social welfare inclination**; as these variables reflect each social entrepreneur's interest in social work which provides them happiness. This extracted factor explains 9.100 % of variance, which is the fourth highest among all the factors.

**5. Opportunity seeker:** Total two variables i.e. item no. 6, 11 were identified under factor 5 which are, importance of right time (.722) and quick adaptation to new things (.787). These variables are grouped under **Opportunity seeker**; as these variables reflect each social entrepreneur's ability to perform when they get opportunity to achieve their goals. This extracted factor explains 8.293 % of variance, which is the fifth highest among all the factors.

**6. Self satisfied:** Total one variable i.e. item no. 7 was identified under factor 6 which is, feeling happy and content to help others (.714). This variable is under group **Self satisfied**; as this variable reflect each social entrepreneur's degree of self satisfaction. This extracted factor explains 7.547 % of variance, which is the sixth highest among all the factors.

**7. Innovative:** Total one variable i.e. item no. 3 was identified under factor 7 which is, being innovative in finding solutions for self and others (.837). This variable is under group **Innovative**; as this variable reflect each social entrepreneur's degree of self satisfaction. This extracted factor explains 7.206 % of variance, which is the seventh highest among all the factors.

**8. Creative thinker:** Total one variable i.e. item no. 10 was identified under factor 8 which is, thinking creatively for new ideas (.857). This variable is under group **Creative thinker**; as this variable reflect each social entrepreneur's extent of creative thinking. This extracted factor explains 6.933 % of variance, which is the sixth highest among all the factors.

## VI. CONCLUSION

The analysis of total 50 items to measure social entrepreneurship factors on 50 respondents was conducted. Findings of this study are related to the objectives which were presented earlier. The objective to this study was to identify factors that may influence social entrepreneurship phenomenon. The primary data was tested through the Reliability test by Cronbach Alpha score, which was .786 that is quite desirable as the value is more than .60 as explained above. After applying factor analysis on data obtained through collection of primary data by administering a structured questionnaire, eight factors were extracted with the highest factor loadings. After examining each factor the impact of these eight different factors on social entrepreneurship was explored. These extracted factors are, being pro-active, concern for society, self motivated, social welfare inclination, opportunity seeker, self Satisfied, Innovative and creative thinker.

In order to develop social entrepreneurship in India people need to perceive the importance of social entrepreneurship. These individual factors have been proved statistically for desirable traits for pursuing social entrepreneurship. These individual factors show an influence on different individual who pursue social entrepreneurship.

## VII. SUGGESTION

Based on the obtained findings, the researcher suggests that the findings may be used by educationist to prepare curriculum for social entrepreneurship, teaching learning strategies, course material and assessment based on factors identified. A systematic educational input will enhance generate more social entrepreneurs and enterprises. The research finding may be used by researchers for more critical analysis based on gender, income, rural/urban and other categories. Training institutes may include inputs of the researches for updating their training programs for enhanced efficiency. Consultants may utilize the research findings for refining their proposals and assessing competencies of their clients.

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# Effect & Impact of it on HRIS Practices

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**ABSTRACT** - In modern time, information technology has had a reflective effect on human resources (HR) processes and practices. Information technology has had extensive effects on almost every phase of our world. Beginning the discovery of the Telephone to the making of mobile phones, it has changed the mode we live our lives in this world & do our jobs. One reason for this is that there are a number of limitations connected with current systems they use one way communication systems, they are unfriendly and inactive, they do not always allow for interpersonal interaction & they often create an artificial distance between individuals and organizations. Present paper is an effort to study the impact of IT on HRIS practices.

**Keywords-** Technology, Information Technology, HR Practices (HR), employee, Training, improvement

## I. INTRODUCTION

Our earth has been developing into a universal town. The better means of communication, hi-tech advancements, supercomputer and internet have brought the horizons closer and changed the implementation of the business industry in a huge way. A lot of business functions will be able to perform quickly and with much more accuracy by way of computers and the Internet. The influence of technology has observed in each & every part of company as well as HRIS practices. HRIS is not only limited to staffing and training. It has developed into an important element of all business. Technology & HRIS both are directly connected to each other. IT has significant impact on increase the effectiveness of staffing, protection, growth and executive functions. Now days the HR managers are able to take up new tough roles in the business. The advanced use of IT in human resource has been significantly increasing the effectiveness of HR organization actions & processes, improved their rapidity and abridged price. Information Technology has shaped a useful and well-organized system of communication, engagement of employee, talent managing, and development of employee, learning & training of performance management. When HRIS used it provides worth toward the business and lift up human resource professionals' position in the business. The traditional style of HRIS mostly focused on companies supportive personnel activities together with collecting of employee information, monitoring of an individual performance, and implementing of an organization policies. Now the latest position of HR manager is supposed to recognize the production policy & create the strategy of corresponding management on HR to get better the delivered service, and act as a policy partner by way of top administration group. Professionals of HR should

implement technologies so as to maintain managerial changes and make a suitable developmental atmosphere on the way to develop modern and knowledge-based organizations.

## II. REVIEW OF LITERATURE

A number of surveys has been made and many books have been written regarding the role of IT on Human Resource information system. The use of information technology in HR has grown-up by a long way in latest years. A review of literature reveals that: The part of Information Technology in HRIS is able to trace back in the most recent decade of 20th century. Ruel et al. (2008) have explored that the word e-HRM was first used in the late 1990's while e-commerce be across-the-board, the world of business & e-HRM is inside application of e-business technique. It helps the management in more useful and resourceful flow of in sequence and method of doing HRM. Organizations might manage AN increasing variety of HRM processes in AN effectual manner with the improved data technology, thereby contributing to the availability of information and understanding. Walker (1982) says that an HRIS is a methodical process. In this method aggregation, storing, maintaining, retrieving and validating the data of an organization for its human resources, personnel activities and organization unit characteristics.

It will support semi permanent preparation in reference to men (Kovach et al., 2002) as well as supply and demand forecasts, staffing, separations and improvement with information on training program costs and work performance of beginner. It can even support compensation programs, salary forecasts, pay budgets, employee relations, contract negotiations etc. Communication and information technologies have added value to HR applications which helped in developing a human resource information system (HRIS). Highlighting the

impact of IT applications on HRM in banking sector, Iraz and Yildirim (2004), clarify the role of IT in e-learning. From the on top of mentioned studies, it can be concluded that HR is now being considered as an integral part of the organization. It is not limited to procuring and utilizing manpower only. It is in the same way important in cutting costs by keeping record of worker data, their potentials and performance as well. New software is being developed for strategic planning, manpower forecasts, managing training and manpower budget, payment system management, bettering employer-employee relationships etc. Information Technology has made a great impact on the increasing the effectiveness and widening the role of HR function. HRIS system helps staff to add and modify information relating to them and view their reports. On the other hand, little research has been made to see the sights the impact of IT on HRIS.

### STATEMENT OF THE PROBLEM

So many researchers are trying to long-ago, to study the changing role of HR function. HR is not any longer currently restricted to acquisition of force. HR skilled area unit rather concerned in complete transformation of time unit processes with the employment of latest technology. The use of IT in time unit is probably going to scale back price, improve service, and achieve effectiveness. Keeping these facts in mind, the current study has been undertaken.

### III. METHODOLOGY

Secondary data has been used for this study. The secondary knowledge has been collected from intensive table analysis through library, completely different revealed materials and also the world-wide net. The study has examined the IT tools used for HRIS development, staffing, Communication and appointment, protection and improvement.

### OBJECTIVES OF THE STUDY

1. To study the functions performed by the traditional HR Dept.?
2. To understand changes have taken place in HR function in the recent past?
3. To analyses the role of IT going on the changing HR function?

### SIGNIFICANCE OF THE STUDY

Present study is playing great importance on the way to the business organizations as it highlights the various technological tools applied by HR professionals from time to time, the changing part of HRIS and likely impact of technology on HR.

## IV. TRADITIONAL & NEW HR FUNCTIONS

Traditional unit of time level (1995) has expressed that – “The ancient personnel managers paid attention to labor management, but did not participate into a company’s planning and strategy decision. They paid nice attention to manage their staff, including carefully designing the contracts and rules for monitoring the employees.” Till the most recent two decades of the 20th century, HR perform was selected because the personnel management performing arts the functions of personnel administration and industrial relations as well as staffing, development & training, performance appraisal, rewards and industrial relations. HR was not given due importance in the organizations.

A significant role of HR managerial in the organization was limited frame rules and regulations for employee management. Actual selections were enforced by the road managers as they were chargeable for building worker relations and maintaining peace. During this era, there was a shift in the role of HR professionals as they were being considered for strategic business issues. It is observed that the scope of HR was widened to several points by new HR functions connecting toward strategic industry matter. As well, performing the regular HR issues on the operational level and procurement and maintenance of labor force at management stage, he was involved to higher level in policy formulation to induce proficient and qualified folks and analyze long hands demand.

Therefore, HR professionals begin to be integrated in managerial policy framework. However, it had been still chiefly committed routine body matters solely in most of the organizations. New unit of time There was substantial amendment within the role of unit of time professionals within the last decade of the twentieth century. Ulrich (1997) clear four role of HR professionals with - strategic business partner role, changing of agent, administrative authority and that of worker supporter. The same as strategic business associates, HR professionals work by top management to extend, apply and evaluate competitive company policies, HR approaches, procedures and practices and supportive business strategies. In their role as amendment agents, they manage the Organizational changes and create new culture where its employees are motivated to participate in the new situation. As body specialists, they assist in planning structure processes, building structure capability to achieve competitive advantage, reducing value, adding worth and higher time unit services to create HRM works additional useful and well-organized. In the role of worker supporter, the HR professional runs an important motivating role for the employees and give them training to improve their proficient.

## V. ROLE OF IT IN HR

This is a fact that the liberalization and globalization on the one hand and technical progression on the other hand require the industry group to reorganize the role of their HR function. The HR professionals must successfully consume the information technology for mounting skilled of the group to face these dare and for the expansion of the business as well. The application of data technology will create value-addition and lift the standing of the unit of time professionals as an entire. The business world is suitable new and further aggressive and faced with new challenges each day including business ecological change, technical change, customer satisfaction, growing competition and issues linking to decrease in cost and increase in productivity. It is the 'people' who know how to meet up the challenges of the present day market. The technical improvement has been driving power for creating new roles for the HR function to develop their business proficiency.

HRIS has made it easier for the HR department to amalgamate their databases, and present information on the policies, news, and publications etc. It is the simplest form of implementation of the HRIT which could be easily reached by anyone, anytime and anywhere in the organization. It has as well enabled the staff to update the information and as a result, relieved the HR professionals of the burden of maintain and store records. They can now focus on additional important farm duties including interpretation of the data, strategic planning, career planning and development, employee training, appraisal and feedback. Long, Yu (2009) has mentioned that a survey of HR executives by SHRM (Society for Human Resource Management) indicates that extensive use of HRIT which requires HR professional to center of attention on HR applications based on developing Information Technology. The finding suggests that IT will cut back routine work and permit higher info communication and autonomy, which leads to fundamental change in the nature of HR professionals' work.

A number of tools have been developed such as e-recruiting-selection, e-performance, and e-compensation system. For example, in the recruitment, without the face-to-face interview and inquiry HRIT be able to make the applicants easier to gather information in relation to jobs and to way in to the HR professionals. in the same way, information about worker skills, individuality, evaluation data etc. can help in making decisions about their promotions, information on worker feedback can be used for improving their qualities. more, the modern techniques like internet, email, sms etc. are quite helpful in causing and change info and capital punishment tasks and may cut back the constraints of place and time.

### TECHNOLOGICAL TOOLS USED BY HR PROFESSIONALS

Technology has via a vital role in transformation of time unit and its role in business in last 20 years. a number of the technological tools used by HR professionals for performing different HR functions .Mishra, Alok and Akman, Ibrahim (2010), in their paper explained the use of various IT tools. with application package like software package, spreadsheets, information mining/data functions; system package like call support systems, info regarding govt systems, skilled systems; info and communication technologies (ICT) such as LAN/WAN/neural network, internet/intranet, web portals etc. They confirmed the use of computers and IT tools for staffing functions such as arrangement catalog, recruitment using recruitment tasks Internet, employee selection, employee management and workforce planning; training functions including training and human resource development, and maintenance and performance evaluation, employee turnover, tardiness and absenteeism analysis, management and planning functions the same as government reports, benefit and planning management and planning administration, personnel files and skills register, succession planning and implementation. The various tools utilized by time unit professionals for time unit functions ar mentioned below:

**1. acquisition:** Procurement is that the most vital perform of 60 minutes. It includes employee recruitment, selection and placement. Hiring is becoming more and more complex. To seek info regarding the work seekers and jobs each employers and workers use job portals and different technological services as mentioned below:

**2. e-recruitment** web portals Social Media Sites like Face book, LinkedIn Induction Packages HR Planning &Forecasting Employers post their positions and qualification. Employment seekers decide on their proficiency and apply online. 2. Employee Development: worker development as a operate of time unit. It gained importance in the current past. The increasing competition has necessitated the reduction in prices on the one hand and increasing potency on the opposite. The organizations are therefore, laying more and more emphasis on improving employee skills and developing their potentials to increase their efficiency Tools Use of Technology e-learning Training Need Analysis Career Development Online Appraisal System &#40;e-performance&#41;

**3. Communication data sharing,** data protection, knowledge management, Intranet, OD and Team Development Creating Shared information environment to allow flow of information as of one central point enabling flat flow of information- increasing, downhill, straight, and outward, quick communication and better decision-making. OD exercises can facilitate in transfer structure amendment and effective team development and build higher leader worker relations.

**4. Decision-Making:** In complex and large organizations, there is large data which is difficult to handle and use

effectively for decision making. Technology has made a great change in assisting the HR to make effective decisions.

## VI. HUMAN RESOURCE INFORMATION SYSTEM

HRIS is very useful function of HR in the present times. The information is available toward the employees, managers and the external parties on internet, intranet and company portals in no time. The technology has added a new dimension of 'transparency' in place of traditional system of 'confidential' which has helped in creating an atmosphere of trust and belongingness in the organization.

### USE OF TECHNOLOGICAL TOOLS FOR HRIS TECHNOLOGY

The availability of Intranet of Data record of staff and extend of information throughout organization, employee self service. The availability of information throughout the organization via intranet, company portals, employee portals and access of information on company policies, employee reaction, bring in transparency and boosts employee morale. These technological tools are extremely vital for the time unit professionals as they're going to increase the general potency of the business. The accuracy of knowledge, analysis of data, dissemination of the policies and outcomes in business will certainly provide competitive advantage over others as information technology is able to propagate right info to the proper folks at the proper time. These ever-changing techniques are making a positive impact on the time unit practices. By understanding and adopting these new techniques can facilitate time unit professionals to form an area for himself and his organization for continuous growth within the market.

## VII. CONCLUSION

Here is a change in HR functions from traditional personnel functions such as recruitment, selection, training and development, performance appraisal, rewards to consultative strategic business issues and policy formulation to some extent in 80's. The possibility of HR actions was widened in 90's with HR professional performing the role of considered business partner, change means, administrative professional and with the aim of employee champion. During the 1st decade of 21st century, HR expert was assigned new roles. With policy partner, well-designed expert, member of staff advocate, human investment developer and HR leader with wide range of activities as mentioned by Ulrich. Later, the globalizations and liberalization policies and increasing use of IT in HR, HR expert is now performing the position of Strategy Maker, Organizational Developer and Internal Consultant continuously monitoring time unit methods and policies, keeping a track record of employee till retirement,

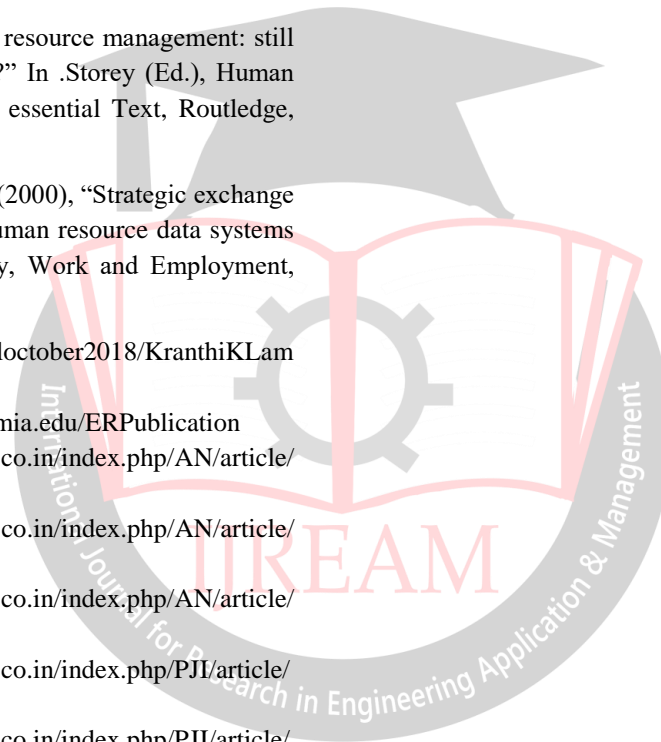
managing employee talent and Passing instructions on HR issues.

The task of HR experts has been simplified with new technological tools, communication technologies and new application software have made and they can now spend more of their time on policy framework, strategic planning and other such issues. varied time unit functions of time unit are often effectively managed through the employment of computers and IT tools. For example, the functions of achievement, worker choice, worker management and work force designing square measure managed through web, internet portals, video conferencing, knowledge warehouse etc.; training, maintenance and performance analysis, feedback, turnover rate, tardiness and absenteeism analysis, management and planning functions, succession planning etc. through web, Intranet, employee portals, and company portals etc. It seems that the role of technology in time unit management is probably going to extend within the coming back years. The significance of time unit operate within the organizations has exaggerated a lot of within the last twenty years. New roles are seemingly to be else with the ever-changing situation. Talent acquisition, ability mapping, newer appraisal systems like 360 degree feed forward, retention, written agreement labor, compensation, employee engagements, rewards etc. are the new roles being added. Newer package and technological tools will definitely facilitate the hour skilled in these new assignments. Nevertheless, the role is hour has become more difficult within the organization.

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# A Study on Performance of Financial Instruments Rated by CRISIL, ICRA & Care

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**Abstract** - Indian economy has been experiencing a great deal of reforms/changes since the embracement of Liberalisation Policy in 1991. Indian Financial System, as a result of New Economic Policy, has opened up many vistas and thrown many new challenges as well. The Indian corporate sector has also adapted to the new competitive and free environment which was unknown to Indian industry.

Companies are turning towards the market for their short-term and long-term financial requirements instead of conventional method of looking at the banks and financial institutions. As a result, a number of new and complex financial products have been introduced into the market to cater to the needs of both the investors and the issuer-companies. And the traditional Indian investor is also, gradually, moving towards capital and money markets to park his savings. As a consequence of all these developments. Investment cult is gaining momentum in India. However, it is highly difficult to assess the associated risk which is one of the significant elements of investment decisions. In this study performance of financial instruments were measured with mean differences.

**Key words:** Liberalization, Global Economy, Financial instrument rating.

## I. INTRODUCTION

In India, the rating activities started with the incorporation of the Credit Rating Information Services of India Ltd. (CRISIL) in 1987 which commenced its operations of rating of companies in 1987-88 and was promoted by Industrial Credit and Investment Corporation of India Ltd. (ICICI) and Unit Trust of India (UTI). Thus, India became the first among the developing world to set up a credit rating agency. CRISIL has its association with internationally recognized rating agency Standard and Poor's (S&P) since 1996. The second rating agency Investment Information and Credit Rating Agency of India Ltd. (ICRA) was incorporated in 1991 and was jointly sponsored by Industrial Finance Corporation of India (IFCI) and other Financial Institutions and banks. ICRA is an associate of the International Rating Agency Moody's Investors Services. The other rating agency, Credit Analysis and Research Ltd. (CARE), incorporated in April 1993, is a credit rating information and advisory services company promoted by Industrial Development Bank of India (IDBI) jointly with Canara Bank, Unit Trust of India (UTI), private sector banks and financial services companies. Another rating agency Onicra Credit Rating Agency of India Ltd., which was incorporated in 1993, is recognized as the pioneer of the concept of individual credit rating in India. Further, Duff and Phelps Credit Rating (India) Private Ltd. (DCR) was established in 1996, presently known as Fitch Ratings India Private Limited.

One more rating agency, SME Rating Agency of India Limited (SMERA) which was a joint venture of SIDBI, Dun & Bradstreet Information Services (D&B), Credit Information Bureau of India Limited (CIBIL), and 11 other leading banks in the country, was established on

September 5, 2005. It is the country's first rating agency that focuses primarily on Indian SME sector. A new rating 25 agency, Brickwork Ratings (BWR) which is based in Bangalore was incorporated in 2007. Besides CRISIL (Standard & Poor), ICRA (Moody's), CARE and Fitch, Brickwork Ratings is the fifth Credit Rating Agency to be recognized by SEBI.

Credit Rating in India is the brain child of CRISIL. Until the establishment of CRISIL, Rating was not known to Indian investors. In this sense, CRISIL has created history in India. CRISIL is the first and premier Credit Rating Agency in India. It was formerly known as Credit Rating Information Services of India Limited (CRISIL). The name was changed to CRISIL Limited during 2003-04. CRISIL was incorporated in January 1987 and commenced its Rating activities in January 1988. Its first Rating was released in March 1988. Its headquarters is located in Mumbai. It operates through various branch offices located in Ahmedabad, Bangalore, Kolkata, Chennai, Hyderabad, New Delhi and Pune.

CRISIL is promoted by a group of leading financial institutions, nationalized banks and foreign banks. It became the first Credit Rating Agency to be listed on Indian bourses. Diversified shareholding ensures independency and public shareholding ensures accountability, transparency and discipline. Standard and Poor's, an international Credit Rating Agency, has made an open offer to the shareholders to acquire.

CRISIL is one of the top five Rating Agencies in the world. It is, in India, synonymous with Credit Rating. Though its primary business is Credit Rating, it has, now, drastically diversified its business activities. It offers a galaxy of financial services. The services offered by

CRISIL can be broadly classified into three inter-linked categories, viz., Rating Services, Information Services, and Advisory Services which are analysed very briefly in the following paragraphs.

Rating Services include Ratings for short, medium and long term debt instruments like debentures, bonds, fixed deposits, commercial papers, etc. issued by manufacturing companies, non-banking financial companies, municipal bodies, financial institutions, banks, governments, etc. It rates securitization programmes and structured obligations. It is also involved in performance grading of real estate developers, LPG parallel marketers and health care institutions. It introduced new Rating and grading services for stock brokers, construction industry entities, SMEs and B2B exchanges in 2001-02. It also assigns Ratings on Preference Shares and recently, it started grading Initial Public Offerings (IPOs) of equity shares.

ICRA is the second Rating Agency established in India. This was established at the time when the country was all set to embrace the economic liberalization policy. ICRA Limited is one of the four Credit Rating Agencies in India. It was formerly known as Investment Information and Credit Rating Agency of India Limited (ICRA) and was set up on January 1, 1991. It was a joint venture of Moody's and Indian financial and banking service organizations. ICRA had its headquarters at New Delhi. However, during 2006-07, the head office of the company was shifted to Gurgaon (Haryana) on leased premises. It commenced its Rating operation in September 1991. It operates through branch offices located at Mumbai, Kolkata, Chennai, Ahmadabad, Bangalore, Hyderabad and Pune.

ICRA was promoted by leading financial institutions and banks with an authorised capital of Rs.10 crore and paid-up capital of Rs.5 crore. Industrial Finance Corporation of India contributed 26% of share capital and the remaining is contributed by other financial institutions and banks.

Credit Analysis and Research Limited (CARE) is the third Credit Rating Agency set up in India in April 1993. CARE is promoted by financial institutions and banks with a paid up share capital of Rs. 8 crore. The promoters of CARE are, Industrial Development Bank of India (IDBI), Canara Bank, Unit Trust of India (UTI), State Bank of India (SBI), Federal Bank Limited, Infrastructure Leasing and Financial Services (IL&FS), ING Vysya Bank Limited, Credit Capital Venture Fund (I) Limited, Sundaram Finance Limited, ITC Classic Finance Limited, Kotak Mahindra Finance Limited, IFB Leasing and Finance Limited, Kalimati Investment Company Limited, The Investment Corporation of India Limited, Varun Investments Limited, and 20 Century Finance Corporation Limited.

CARE assigned its first Rating in November 1993. CARE Ratings are recognized by statutory authorities and other agencies in India for Rating services. The authorities like SEBI, RBI, Director General - Shipping, Ministry of Petroleum and Natural Gas (MoPNG), GoI, National Housing Bank (NHB), National Bank for Agriculture and Rural Development (NABARD), and National Small Scale Industries Commission (NSIC) have recognized the CARE Ratings. RBI has recognized CARE Ratings as an eligible

Credit Rating Agency (ECRA) for Basel -II implementation in India.

## II. RATING SYMBOLS

A credit rating bandages an enormous amount of diverse information into a single rating symbol. Rating symbols to respond to adverse changes in circumstances and economic conditions are symbolic expression of an issuer's ability. Rating symbols are indicators of the opinion/assessment of credit rating agency regarding credit quality or grade of the debt obligations or instruments. The rating agencies have standardized rating nomenclatures for long-term ratings, short-term instruments, medium-term ratings, etc. The comparative analysis of the symbols used by various credit rating agencies is shown in Tables given below:

**Table 1.1: Rating Symbols for Long Term Instruments**

CRISIL	ICRA	CARE	Remarks
AAA	LAAA	CAREAAA	Highest Safety
AA	LAA	CAREAA	High Safety
A	LA	CAREA	Adequate Safety
BBB	LB	CAREBBB	Moderate Safety
BB	LBB	CAREBB	Inadequate Safety
B	LB	CAREB	High Risk
C	LC	CAREC	Substantial Risk
D	LD	CARED	Default

From the table, it has been evident that all these three rating agencies use similar rating symbols for long term instruments. The long term instruments are divided into two groups; investment group and hypothetical group. The symbols from AAA to A denote the investment group ranges from the highest safety to adequate safety and the second one group is speculative means that symbols from BBB to B presents from moderate safety to high risk and the last two C & D based on the speculations of market. Hence, for investment the first three ratings are safe and investors are in comfortable zone.

**Table 1.2: Rating Symbols for Medium Term Instruments**

CRISIL	ICRA	CARE	Remarks
FAAA	MAAA	CAREAAA (FD)/(CD)	Highest Safety
FAA	MAA	CAREAA (FD)/(CD)	High Safety
FA	MA	CAREA (FD)/(CD)	Adequate Safety
----	-----	CAREBBB (FD)/(CD)	Sufficient Safety (for CARE only)

-----	-----	CAREBB (FD)/(CD)	Inadequate Safety (for CARE only)
FB	MB	CAREB (FD)/(CD)	Inadequate Safety
FC	MC	CAREC (FD)/(CD)	High Risk
FD	MD	CARED (FD)/(CD)	Default

The above table highlights the rating for medium term instruments, the basis symbols used by CRISIL & ICRA are AAA, AA, B, C & D whereas CARE's symbols range through AAA, AA, A, B, C & D. The word 'FD' & 'CD' used in parentheses as a suffix for rating fixed deposits and certificates deposits respectively.

**Table 1.3: Rating Symbols for Short Term Instruments**

CRISIL	ICRA	CARE	Remarks
P1	A1	PR1	Highest Credit Quality/ Safety
P2	A2	PR2	Above Average Credit Quality/ Strong Safety
P3	A3	PR3	Adequate Credit Quality/ Safety
P4	A4	PR4	Risk prove/Highly Uncertain
P5	A5	PR5	Lowest Credit Quality/Default

Form the above table, it is observed that for rating short term instruments, the parameters is based on five point scale ranging from 1 to 5 is similar for all agencies but different prefixes are used by all credit rating agencies to make a differentiation as CRISIL uses letter 'P', ICRA uses 'A' and CARE uses 'PR'.

Thus rating decisions are made in accordance with the criteria applicable to the concerned sector. The methodologies determine the criteria of rating levels are created and revised by the analytical groups. To conclude, it is revealed that the CRAs are engaged in multiplicity of operations.

### III. LITERATURE REVIEW

Bhushan, H. (2015) evaluated the creditworthiness of CRAs of corporate borrowers who directly seek funds from the public without going to a bank. This study taking into consideration the recent global financial crisis seeks to review the developments of CRAs in India. Emphasis is placed on the existing and desired regulatory structure in India vis-à-vis the legislation in the United States (US) and the European Union (EU). In perspective, affixing liability to the CRA is seen as a prudent and a decisive step in checking the potential malfunctioning in the system. Likewise, it would be a welcome move if the Securities and Exchange Board of India (SEBI) leads the way in

affixing liability to credit rating agencies for reckless rating.

Frost, Carol Ann (2016) assessed the validity of widespread criticisms of the large, "nationally recognized" credit rating agencies (CRAs). This study evaluated important criticisms of the CRAs discussed in a recent Securities and Exchange Commission (SEC) staff report by using evidence from empirical research studies, and suggests many promising subjects for future research. The results to the suggested research should be of particular interest to lawmakers and regulators who are responsible for determining whether and to what extent the credit rating industry should be subject to statutory and regulatory oversight.

Madegowda, J.(2017) argued that credit rating has made headway into the Indian capital market. The credit rating agencies have played a significant role in the Indian capital market as have their counterparts abroad since its inception. At the same time, the working of the rating agencies has been criticized by many for not having been able to accomplish the coveted goal of investor interest protection as they failed in predicting the fall of big corporate concerns. During the current global financial crisis rating agencies were also under the scanner during the current global financial crisis. Against the backdrop of their role and criticism, the paper makes an attempt to elicit and analyse the opinion of investors on the working of credit rating agencies in India and offers some suggestions to enable the rating system to be efficient and effective.

### IV. SIGNIFICANCE OF THE STUDY

The investors cannot easily compute and compare the associated risk with an array of financial instruments available in the market. Assessment of associated risk, therefore, calls for a razor-sharp expertise. Hence, the assessment and evaluation of risk is carried on in India, as in other parts of the world, by a group of experts who possesses the specialized skills. Credit Rating occupies a significant place in the investment arena as the entire exercise is centred on assessment and grading of financial instrument. However, the importance of Credit Rating cannot be judged by the volume of business the Rating Agencies do but on the quality of Rating and its acceptance by the investors. The Rating quality and its acceptance depend upon the capability and credibility of the Rating Agencies, dissemination of Rating information at the right time and ever-vigilant surveillance on the rated instrument over its life. Rating Agencies should ring an early warning bell if something goes wrong with the rated instruments during the surveillance.

During the short span of two decades of Rating experience, Indian Rating Agencies have entered into internationally uncharted arena of equity grading. The market regulator, SEBI, has given a green signal in this regard In the light of the above and increasing importance of Rating activities, it is necessary to evaluate the working of Credit Rating Agencies in India with the help of their performance statistics, their methodology and also in the light of the investors' perception about whole exercise pertaining to Credit Rating. Thus, this study has attempted to measure the investor's perception towards credit rating instruments

and also the ratings of various companies are evaluated in this study on the basis of secondary data collected from several sources.

**Objectives of the Study**

- To study the performance of financial instruments for long term, medium term and short term.

**V. RESULTS & DISCUSSIONS ON PERFORMANCE OF FINANCIAL INSTRUMENTS**

The performance of financial instruments is being rated by three agencies CRISIL, ICRA & CARE but with a distinct classification of the instruments. The table depicts that various types of long-term instruments rated by credit rating agencies include bonds, non-convertible debentures, preference shares, loans/bank loan ratings (BLR), etc.; and medium-term instruments include fixed deposits of companies (FD) and certificates of deposit (CD), whereas short-term instruments being rated by the agencies include commercial papers (CP), short-term loans (STL), etc.

H<sub>01</sub>: There is no significant difference in the mean of long term instruments rated by CRISIL.

Table 1.4: Long-Term Instruments Rated by CRISIL

	Debentures/Bonds	Preference Shares	Loan/BLR
Mean	380.21	119.40	589.41
SD	136.40	26.53	374.91
CV	36.11	23.13	60.01

The above table presents the mean rating of long-term instruments included debentures/bonds, preference shares and loan/BLR for the last ten tears from 2008 to 2017 financial year. The mean of debentures/bonds is 380.21 followed by the mean of preference shares is 119.40 and the mean of loan/BLR is 589.41 which is the highest mean among these instruments. Hence, the null hypothesis rejected and found that there is a significant difference in the mean of long term instruments rated by CRISIL.

H<sub>02</sub>: There is no significant difference in the mean of medium term instruments rated by CRISIL.

Table 1.5: Medium-Term Instruments Rated by CRISIL

	FD	CD
Mean	74.00	50.61
SD	24.16	21.49
CV	30.91	42.14

The above table presents the mean rating of medium-term instruments included fixed deposits and certificates of deposits for the last ten tears from 2008 to 2017 financial year. The mean of FD is 74.00 followed by the mean of CD is 50.61. Hence, the null hypothesis rejected and alternate hypothesis found that there is a significant difference in the mean of medium term instruments rated by CRISIL.

H<sub>03</sub>: There is no significant difference in the mean of short term instruments rated by CRISIL.

Table 1.6: Short-Term Instruments Rated by CRISIL

	CP	STL
Mean	163.70	74.76
SD	24.31	14.01
CV	14.29	17.80

The above table presents the mean rating of short-term instruments included commercial papers and short term loans for the last ten years from 2008 to 2017 financial year. The mean of CP is 163.70 followed by the mean of STL is 74.76. Hence, the null hypothesis rejected and alternate hypothesis found that there is a significant difference in the mean of short term instruments rated by CRISIL.

H<sub>04</sub>: There is no significant difference in the mean of long term instruments rated by ICRA.

Table 1.7: Long-Term Instruments Rated by ICRA

	Debentures /Bonds	Preference Shares	Loan/BLR
Mean	69.00	41.10	51.03
SD	25.13	18.81	20.17
CV	37.01	46.14	40.00

The above table presents the mean rating of long-term instruments included debentures/bonds, preference shares and loan/BLR for the last ten tears from 2008 to 2017 financial year. The mean of debentures/bonds is 69.00 followed by the mean of preference shares is 41.10 and the mean of loan/BLR is 51.03. The result found that debentures/bonds have the highest mean. Hence, the null hypothesis rejected and alternate hypothesis found that there is a significant difference in the mean of long term instruments rated by ICRA.

H<sub>05</sub>: There is no significant difference in the mean of medium term instruments rated by ICRA.

Table 1.8: Medium-Term Instruments Rated by ICRA

	FD	CD
Mean	25.00	11.80
SD	13.10	8.00
CV	51.25	61.51

The above table presents the mean rating of medium-term instruments included fixed deposits and certificates of deposits for the last ten tears from 2008 to 2017 financial year. The mean of FD is 25.00 followed by the mean of CD is 11.80. Hence, the null hypothesis rejected and alternate hypothesis found that there is a significant difference in the mean of medium term instruments rated by ICRA.

H<sub>06</sub>: There is no significant difference in the mean of short term instruments rated by ICRA.

Table 1.9: Short-Term Instruments Rated by ICRA

	CP	STL
Mean	47.17	21.00
SD	20.00	8.51
CV	41.40	43.51

The above table presents the mean rating of short-term instruments included commercial papers and short term

loans for the last ten years from 2008 to 2017 financial year. The mean of CP is 47.17 followed by the mean of STL is 21.00. Hence, the null hypothesis rejected and alternate hypothesis found that there is a significant difference in the mean of short term instruments rated by ICRA.

H<sub>07</sub>: There is no significant difference in the mean of long term instruments rated by CARE.

Table 1.10: Long-Term Instruments Rated by CARE

	Debentures/Bonds	Preference Shares	Loan/BLR
Mean	71.50	43.41	61.31
SD	24.10	13.29	19.51
CV	35.73	33.16	31.39

The above table presents the mean rating of long-term instruments included debentures/bonds, preference shares and loan/BLR for the last ten years from 2008 to 2017 financial year. The mean of debentures/bonds is 71.50 followed by the mean of preference shares is 43.41 and the mean of loan/BLR is 61.31. The result found that debentures/bonds have the highest mean. Hence, the null hypothesis rejected and alternate hypothesis found that there is a significant difference in the mean of long term instruments rated by CARE.

H<sub>08</sub>: There is no significant difference in the mean of medium term instruments rated by CARE.

Table 1.11: Medium-Term Instruments Rated by CARE

	FD	CD
Mean	12.50	14.10
SD	3.89	5.16
CV	32.69	42.91

The above table presents the mean rating of medium-term instruments included fixed deposits and certificates of deposits for the last ten years from 2008 to 2017 financial year. The mean of FD is 12.50 followed by the mean of CD is 14.10. Hence, the null hypothesis rejected and alternate hypothesis found that there is a significant difference in the mean of medium term instruments rated by CARE.

H<sub>09</sub>: There is no significant difference in the mean of short term instruments rated by CARE.

Table 1.12: Short-Term Instruments Rated by CARE

	CP	STL
Mean	54.10	31.40
SD	16.54	10.51
CV	34.13	36.68

The above table presents the mean rating of short-term instruments included commercial papers and short term loans for the last ten years from 2008 to 2017 financial year. The mean of CP is 54.10 followed by the mean of STL is 31.40. Hence, the null hypothesis rejected and alternate hypothesis found that there is a significant difference in the mean of short term instruments rated by CARE.

## VI. FINDINGS & CONCLUSION

The performance of financial instruments are rated by the three agencies namely CRISIL, ICRA & CARE for the last ten years from 2008 to 2017 financial year. For the hypothesis there is no significant difference in the mean of long term instruments rated by CRISIL found rejected and concluded that there is a significant difference in the mean of long term instruments rated by CRISIL as the mean differences were observed among debentures/bonds, shares and loan/BLR for the credit rating agency CRISIL. The result found that the loan/BLR has the highest mean in terms of performance rated by CRISIL.

For the hypothesis there is no significant difference in the mean of medium term instruments rated by CRISIL found rejected and concluded that there is a significant difference in the mean of medium term instruments rated by CRISIL as the mean differences were observed between fixed deposits and certificate deposits for the credit rating agency CRISIL. The result found that the mean of fixed deposits is higher than the mean of certificate deposits in terms of performance rated by CRISIL.

For the hypothesis there is no significant difference in the mean of short term instruments rated by CRISIL found rejected and concluded that there is a significant difference in the mean of short term instruments rated by CRISIL as the mean differences were observed between commercial papers and short term loans for the credit rating agency CRISIL. The result found that the mean of commercial papers is higher than the mean of short term loans in terms of performance rated by CRISIL.

For the hypothesis there is no significant difference in the mean of long term instruments rated by ICRA found rejected and concluded that there is a significant difference in the mean of long term instruments rated by ICRA as the mean differences were observed among debentures/bonds, shares and loan/BLR for the credit rating agency CRISIL. The result found that the debentures/bonds has the highest mean in terms of performance rated by ICRA.

For the hypothesis there is no significant difference in the mean of medium term instruments rated by ICRA found rejected and concluded that there is a significant difference in the mean of medium term instruments rated by ICRA as the mean differences were observed between fixed deposits and certificate deposits for the credit rating agency ICRA. The result found that the mean of fixed deposits is higher than the mean of certificate deposits in terms of performance rated by ICRA.

For the hypothesis there is no significant difference in the mean of short term instruments rated by ICRA found rejected and concluded that there is a significant difference in the mean of short term instruments rated by ICRA as the mean differences were observed between commercial papers and short term loans for the credit rating agency ICRA. The result found that the mean of commercial papers is higher than the mean of short term loans in terms of performance rated by ICRA.

For the hypothesis there is no significant difference in the mean of long term instruments rated by CARE found

rejected and concluded that there is a significant difference in the mean of long term instruments rated by CARE as the mean differences were observed among debentures/bonds, shares and loan/BLR for the credit rating agency CARE. The result found that the loan/BLR has the highest mean in terms of performance rated by CARE.

For the hypothesis there is no significant difference in the mean of medium term instruments rated by CARE found rejected and concluded that there is a significant difference in the mean of medium term instruments rated by CARE as the mean differences were observed between fixed deposits and certificate deposits for the credit rating agency CARE. The result found that the mean of certificate deposits is higher than the mean of fixed deposits in terms of performance rated by CARE.

For the hypothesis there is no significant difference in the mean of short term instruments rated by CARE found rejected and concluded that there is a significant difference in the mean of short term instruments rated by CARE as the mean differences were observed between commercial papers and short term loans for the credit rating agency CARE. The result found that the mean of commercial papers is higher than the mean of short term loans in terms of performance rated by CARE.

The study found that credit rating is the best way to have understanding about the forecasting of investment. Before taking the decision of investment, it is better to take first-hand knowledge about the reliability and credibility of investment so that investor can invest. Investors always find a safe and secure investment avenue so they take the help from credit rating agencies and get information about the performance of bonds/funds etc.

The study concluded that to visit the sites of CRAs is helpful in saving time and energy of investors. They want to have information promptly and also look for safer investment avenue. These rating agencies are the quick in providing the information in all aspects to investors.

The findings revealed that CRAs enhance decision making and investors are capable to take right decision for investment. For investment, it is always right to take right decision and this can be provided by agencies and these agencies depict the performance of each and every investment mode. Even investors can evaluate and make a comparison among various investment avenues for their secure future.

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# Digital India: A Leap towards Sustainable Growth

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**ABSTRACT** - Hon'ble Prime Minister of India, Shri Narendra Modi on 1 July 2015 has proclaimed his dream project to establish India as a digitally knowledgeable economy and empowered society, along with good governance for citizens. The principal objectives of the Digital India campaign were to provide with high speed internet so that they can be a part of Digital Inclusion and offer e-health, eServices, Digital Lockers System, e Governance, e-education, easy mobile connectivity to all so that Indian population initiate its use of IT solution. Further this program will result in more employment prospects for the youth that will boost the nation's economy in near future. The objective of this paper is to review the impact of Digital India campaign over the period of time in order to evaluate the growth of Indian economy. The research methodology is descriptive cum analytical in nature and the data is collected through secondary sources such as websites, newspapers, articles, reports, research journals, magazines etc for this study.

**Keywords** – Digital India, Sustainable Growth.

## I. INTRODUCTION

The 'Digital India' initiative, announced by Honorable Prime Minister Mr. Narendra Modi Digital India includes various initiatives under the single programme prepared for making India a knowledge economy and for bringing good governance through synchronized and coordinated engagement of the entire Government to its citizens. This influential scheme of the government can act like blessings for the citizens to bring India to a global platform with participation from people and businesses. The idea behind Digital India initiative is to ensure that all services and information offered by the government or the other business entity to the citizen of this country should be available anywhere, anytime, on any device that are user friendly and secured. This transformation is only possible when every citizen of India will participate in this transformative impact.

The motive behind launching Campaign 'Digital India' is to drive innovation by strengthening knowledge in-order to empower the people so that they are able to access all information without any obstacles. With the help of technology all the government related services are easily and efficiently available for access to every citizen and are transparent so that governments interface is incorruptible. The campaign aimed to provide high speed internet so that every citizen becomes a part of Digital Inclusion and

facilities like eServices, e Governance, Digital Lockers System, easy mobile connectivity, quality education reaches the most inaccessible corners driven by digital learning, quality health care percolates right up to remotest region powered by e health care, farmers are empowered with real-time information to the connected with global market, mobile enable emergency services ensures personal security, cyber security is integral part of national security, mobile & e-banking ensures financial inclusion, ecommerce drive entrepreneurship, world looks to India for next big idea, etc. Further this initiative will result in more employment prospects for the youth that will boost the nation's economy.<sup>1</sup>

Indian GDP is increasing at an average rate of 7 – 8 % but the old methods of governance was not giving the right signals to people for the all round development so the Digital India Programme was introduced to facilitate inclusive growth in areas of electronic services, products, manufacturing and job opportunities etc. The vision of Digital India campaign relies on three key areas – (i) Digital Infrastructure as a utility to every citizen; (ii)

<sup>1</sup> Gaur A. D. and Padiya J. (2016) A Study Impact of 'Digital India' in 'Make in India' Program in IT & BPM Sector. Published at *Fourteenth AIMS International Conference on Management*. Available Online: [https://www.researchgate.net/publication/316063028\\_A\\_Study\\_Impact\\_of\\_Digital\\_India\\_in\\_Make\\_in\\_India\\_Program\\_in\\_IT\\_and\\_BPM\\_Sector](https://www.researchgate.net/publication/316063028_A_Study_Impact_of_Digital_India_in_Make_in_India_Program_in_IT_and_BPM_Sector)

Governance and services on demand; and (iii) Digital Empowerment of citizens. Following detailed building block of Digital India was proposed by ASSOCHAM 2015 report of Deloitte:

S. No.	Vision	Summary
1	Infrastructure	High Speed Internet
		Digital Identity
		Mobile & Bank Linking
		Cloud Storage
		Safe Access
2	Demand Based	Integration
		Business Ease
		Secure Payments
		Digital Literacy
		Digital Recourse
3	Empowerment	Indian Languages
		Digital Platform
		Cloud Based

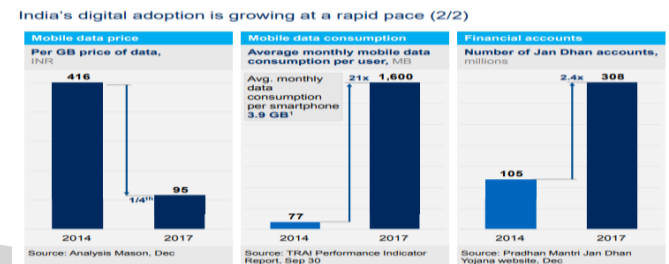
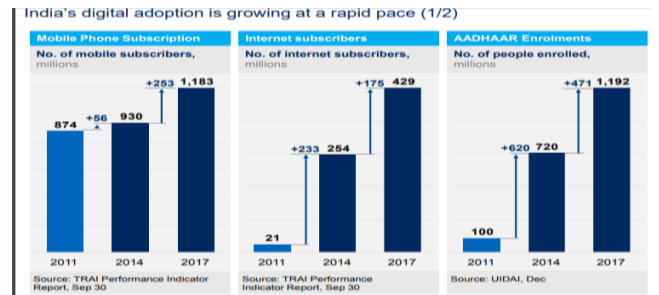
**Building blocks of Digital India:** Vision areas (Deloitte, ASSOCHAM, 2015)<sup>2</sup>

The objective of this paper is to review the impact of Digital India campaign over the period of time in order to evaluate the growth of Indian economy. The research methodology is descriptive cum analytical in nature and the data is collected through secondary sources such as websites, reports, research journals, newspapers, articles, magazines etc for this study.

As indicated by experts, the Digital India campaign could help India's GDP to rise up to \$1 trillion. The scheme can be assumed as a key part of large-scale monetary factors such as GDP development, work age, work profitability, development in the number of organizations and income spillages for the Government. World Bank report suggests that a 10% expansion in portable and broadband entrance helps in building the per capita GDP by 0.81% and 1.38% individually in the creating nations. India is the second biggest telecom showcase on the planet with 915 million remote endorsers and world's third biggest Internet advertise with very nearly 259 million broadband clients. There is as yet a gigantic financial open door in India as the tele-thickness in rustic India is just 45% where over 65% of the populace lives. Future development of media transmission industry as far as a number of supporters is relied upon to originate from provincial zones as urban territories are immersed with a tele-thickness of over 160%.<sup>3</sup>

<sup>2</sup> Deloitte, ASSOCHAM. (2015, September). Available Online: <https://www2.deloitte.com/content/dam/Deloitte/in/Document/technology-media-telecommunications/in-tmt-empowering-india-citizens-through-technology-noexp.pdf>

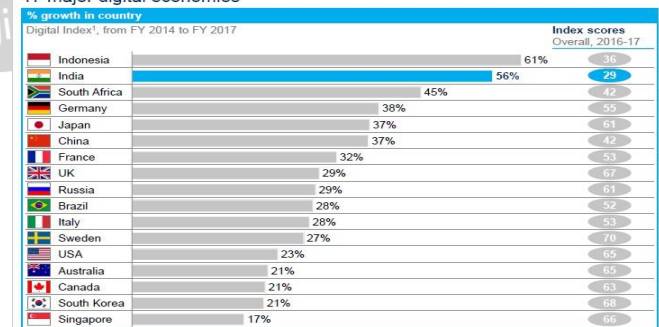
<sup>3</sup> Luvy (2018) Impact of Digital India by 2019. International Journal of Scientific & Engineering Research Volume 9, Issue 4, April-2018. ISSN 2229-5518. Available Online: <https://www.ijser.org/researchpaper/Impact-of-Digital-India-by-2019.pdf>



Source: Mckinsey & Company, India's Trillion Dollar Digital Opportunity, 2018<sup>4</sup>

According to the Mckinsey & Company (2018) report India's digital adoption is growing at a rapid pace with an increase of over 250 million mobile subscribers were recorded between 2014 to 2017 along with an increase of around 175 million internet subscribers leading to an astonishing rise in average monthly mobile data consumption per user from 77 MB to 1600 MB is just three years of time between 2014 to 2017. The study also highlights that the numbers of Jan Dhan Yojna accounts has also registered a significant rise from 105 millions in 2014 to 308 million in 2017 whereas closing figures for number of Aadhaar Enrollment for 2017 were 1192 millions which was very impressive. This data has led to improve the overall ranking of India by increasing the % growth amongst countries. The data shows that India with the Index score of 29 stands the second position amongst the 17 major digital economies having fastest growth rate of digital adaptation which is remarkable achievement after launching of the campaign.

India has the second fastest growth rate of digital adoption amongst 17 major digital economies

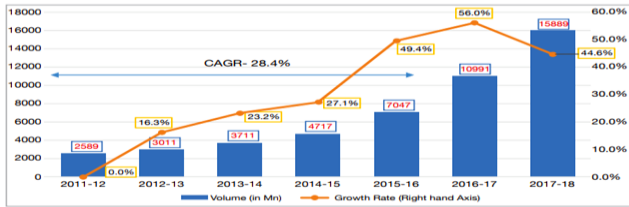


Source: Mckinsey & Company, India's Trillion Dollar Digital Opportunity, 2018<sup>5</sup>

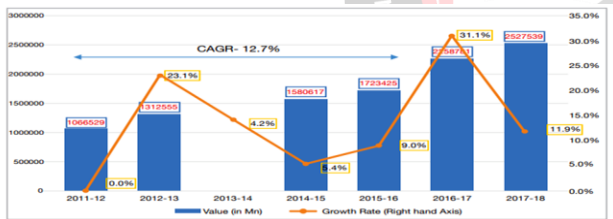
<sup>4</sup> Mckinsey & Company, India's Trillion Dollar Digital Opportunity, 2018. Available Online: <https://digitalindia.gov.in/writereaddata/files/1.%20Trillion%20Dollar%20Economy.pdf>



As per available data of RBI annual report and Niti Ayog Report<sup>6</sup>, there has been a significant changes registered in the trend of Digital Payment over the period of seven years in terms of value and volume of payments registered. The growth from the year 2015 is spectacular and could be attributed to development of innovative digital payments platform such as BHIM-UPI, BHIM Aadhaar and Bharat QR Code resulting in noteworthy growth which was much higher than the trend growth rate over the last four years (2011-2014).



The above chart indicates the trends in Digital Payments over the period of 2011-12 to 2017-18 where the volume of overall payments have steadily increased over the period 2011-12 to 2015-16, registering a Compound Average Annual Growth Rate (CAGR) of over 28.4 per cent. The volume of overall payments accelerated by over 56 per cent in 2016-17 whereas, rate of growth in volume was 44.6 per cent in 2017-18. There is a clear surge in 2016-17 (Growth rate of 56%) and subsequent moderation in the growth (Growth rate of 44.6%) in 2017-18.



The nominal value of overall payments also increased every year over 2011-12 to 2015-16, though not steadily, recording a CAGR of nearly 12.7 per cent during the same; But the annual growth has shot-up to 31.1% in 2016-17 due to demonetization and subsequent slowdown in the growth rate of 11.9% in 2017-18.<sup>6</sup>

## II. CONCLUSION

A digitally empowered India can mend social and economic condition of people through development of economic activities apart from providing access to education, health and financial services. However, it is

important to note that ICT alone cannot directly lead to overall development of the nation. The inclusive growth and development can be realized by supporting and augmenting elements like literacy, basic infrastructure, overall business environment, regulatory environment, etc. Though the descriptive cum analytical facts and figures presented in this study shows that the government has used Digital India campaign as a tool to achieve substantial growth and earn a competitive global positing and has proved that there still ample opportunities available to be explored.

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# The Role of Nationalised Banks in Financing Micro Small and Medium Scale Enterprises

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**Abstract** - The aim of the study is to find out the major factors of nationalized banks in providing financing facilities to the MSME with a purpose to support MSMEs for the overall economic development. Study was based on the primary and secondary data. Researcher has used factor analysis for data analysis. It was found from the study that there are total six major factors related to financing facilities of the nationalized banks towards the development of the MSMEs. These factors are mainly; Process of disbursement of loan, Employees behaviour and customer services, banking norms for granting loans, Interest and charges, Repayment of Loan, and Financial Literacy and Customer Education.

**Keywords:** MSMEs, Economic growth, Nationalized Banks, Financing Facilities,

## I. INTRODUCTION

Banks are playing a crucial and prominent role in Indian economy. Growth of industries and trade and the banking sector go hand in hand. Micro small and medium scale enterprises are one of the most vibrant sector of Indian economy as it contributes to nearly 31 percent of GDP forty three percent of exports and provide employment to millions of skilled and semi skilled workers.

Growth of all other industries depends on the growth of banking sector. Banks promotes the regular flow of funds in the economy as they are vehicles for the money supply in the economy. They work as both the custodian and the source of the financial resources of the country. Hence, the role of the Indian banks is vital in the development of the Indian economy in terms of the Industrial development. The major function of the banks is to provide the loans to the various sectors of the economy for ensuring the sustainable growth of each sector and for providing the social security to the people. The role of banks in the industrial development is very important as banks provide various types of financing schemes to the industries. Financing facilities are available for start-up of business, marketing of products, for mass production, and also for the purchase of the capital equipment.

## II. REVIEW OF LITERATURE

- Bhavani T.A. (2011<sup>1</sup>) uncovers that how the all facets of the MSME'S (Employment, leading area of MSME'S, Investment in settled resources) being change in present day viewpoint. The innovative technological headway and assurance of MSME'S through different subsidy schemes and liberal accessibility of credit will be an incredible help.

- Bhatendra Kumar Gupta (2008<sup>2</sup>) In India, the MSME sector is the second biggest employer after agriculture. With the development in the Indian Economy it is of requirement for the MSME to raise capital is ending up progressively difficult. He says that there is a requirement for the devoted stock Exchange for the MSME sector to take into account their necessities better which are unique in relation to the large enterprises.
- Bala Subrahmanya (2004<sup>3</sup>) The Researcher underlined that the strategy of globalization and liberalization had open new openings and commercial advantages for the small scale industries sector. The author recommended that the concentration must be swung to innovation advancement and support of financial framework to make Indian small industry overall aggressive and add to national income and employment.
- Dallago and McIntyre (2003<sup>4</sup>) state that MSMEs are not themselves sufficient for growth without the proper development of institutions and support structures

### Objective of the study

1. To study the role of Micro small and medium scale enterprises in the economic development of the country.
2. To study the factors of nationalized banks in providing various financing facilities to the MSME

<sup>1</sup> Bhavani, T.A. (2011), „Dynamic Business Environment: What does It Mean for Indian Small Enterprises“ in „Micro and Small Enterprises in India: Era of Reforms“ Keshab Das (Ed), Gangai Publications, New Delhi.

<sup>2</sup> Bhatendra Gupta (2008), *SME Stock Exchange Journal*, Pg 21

<sup>3</sup> Bala Subrahmanya, M. H. (2004), 'Small Industry and Globalization: Implications, Performance and Prospects' *Economic and Political Weekly*, Volume XXXIX, No.18, pp 1826-1834.

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### III. RESEARCH METHODOLOGY

Both primary and secondary data have been used for the present study. Primary Data has been collected from managerial level of employees working at the position of branch managers and secondary data has been collected from annual reports of MSME.

#### Factors Related to Financing Facilities of Banks to MSMES

Researcher has used factor analysis to extract the major factors, out of 31 statements in which banks contribute to the financing facilities provided by banks. Results of the Factor Analysis are given below

**Table 1: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.828
Bartlett's Test of Sphericity	Approx. Chi-Square	12617.452
	df	465
	Sig.	.000

**Interpretation:** Table 1 shows the results of the KMO test used to know the adequacy of the data and the sample size for applying factor analysis. The value of KMO test was 0.828, which shows that the data is adequate for applying factor analysis and the number of variables is adequate along with the sample size (Fabrigaret al., 1999)<sup>5</sup>. Similarly; the value of Bartlett's test was found to be significant as the value of chi square was 12617.452 (p-value = 0.000), which shows that the variance in the sample used for factor analysis is unequal. This test is used to measure the homogeneity of the variances in the sample before applying the factor analysis or to measure the normality of the data. Hence, it can be said that the data is adequate and normal for applying any test

**Table 2: 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	8.952	28.878	28.878	8.952	28.878	28.878	7.762	25.038	25.038
2	7.491	24.164	53.042	7.491	24.164	53.042	6.256	20.180	45.218
3	4.078	13.154	66.197	4.078	13.154	66.197	4.086	13.182	58.400

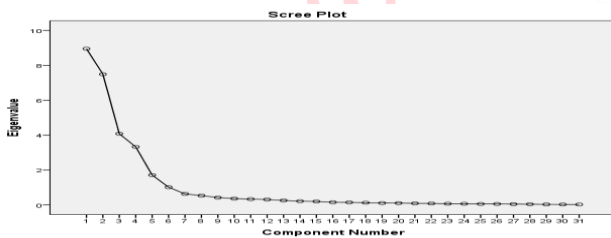
<sup>5</sup> Fabrigar, L. R., Wegener, D. T., MacCallum, R. C., & Strahan, E. J. (1999). Evaluating the use of exploratory factor analysis in psychological research. *Psychological Methods*, 4, 272-299.

4	3.324	10.723	76.920	3.324	10.723	76.920	3.588	11.574	69.975
5	1.708	5.509	82.429	1.708	5.509	82.429	2.901	9.359	79.333
6	1.015	3.273	85.702	1.015	3.273	85.702	1.974	6.369	85.702
7	.631	2.035	87.738						
8	.534	1.721	89.459						
9	.420	1.354	90.813						
10	.361	1.163	91.976						
11	.322	1.069	93.046						
12	.308	.993	94.038						
13	.255	.822	94.860						
14	.212	.685	95.545						
15	.197	.634	96.179						
16	.151	.487	96.665						
17	.143	.462	97.128						
18	.125	.403	97.530						
19	.105	.340	97.870						
20	.101	.327	98.197						
21	.087	.281	98.478						
22	.080	.257	98.735						
23	.067	.217	98.952						
24	.064	.207	99.159						
25	.054	.174	99.333						
26	.053	.170	99.503						
27	.043	.139	99.642						
28	.039	.124	99.766						

29	.027	.088	99.854						
30	.024	.078	99.932						
31	.021	.068	100.000						

Extraction Method: Principal Component Analysis.

**Interpretation:** Table 2 shows the factors extracted, along with the Eigen values and the explained variances. Out of 31 variables the variables for which the Eigen values was found to be above one were only six and hence total six factors have been extracted using Varimax rotation under PCA method. It was found that total variance explained by six factors was 85.702 percent. It shows that there are total six factors which can cause variation in the effectiveness score of financing facilities provided by nationalized banks to MSMEs for their growth and development. Out of which the first factor explains total 29 percent variation in the effectiveness, second factor explains 25 percent variation, third factor explains 13 percent variation, fourth factor explains 10 percent variation and last factor explains 5 percent variation in the effectiveness score while rest of the 3 percent variation is unexplained or due to the other reasons or chance factors.



**Figure 3: Scree Plot**

**Interpretation:** It can be interpreted from the figure 3 that the elbow of the scree plot is at sixth point which shows that there are total six factors to be retained in the solution. On the Scree plot Eigen value always shown on the Y axis and number of variables on the X axis. Eigen values corresponding to each of the variables is plotted on the graph and the points are joined together. The points below elbow show the variables with less than one Eigen value and hence the points above elbow are considered for factor analysis.

**Table 4: Factor Loadings**

S. No.	Description	Factor Loadings
<b>Factor 1: Process of disbursement of loan (Variance -25.038)</b>		
1	Confidentiality in loan transactions	.939
2	Accuracy in records and loan related transactions	.937
3	Number of documents required to be submitted for loan	.927
4	Process for availing loan from bank	.926
5	Period given for document submission	.922
6	Financial statements or business records required for availing loan	.910
7	Number of attempts given to re-apply for loan in case of failure to submit document	.899

8	Time taken by bank for granting loan	.895
9	Submission of form in both the online and offline mode	.887
<b>Factor 2: Employees behaviour and customer services (Variance - 20.180)</b>		
1	Behaviour of the employees with the borrowers	.914
2	Customer care services	.888
3	Variety of financing facilities	.881
4	Feedback for loan application	.855
5	Knowledge and skills of banks staff	.851
6	Help desk for borrowers	.847
7	Communication by banks	.841
8	Number of bank branches	.834
<b>Factor 3: Banking norms for granting loans (Variance -13.182)</b>		
1	Norms related to the guarantor of the borrowers	.889
2	Norms related to the credit rating of MSMEs	.862
3	Banking norms related to the collateral	.858
4	Past records of the borrowers	.777
5	Norms for granting loans	.743
<b>Factor 4: Interest and charges (Variance -11.574)</b>		
1	Fees or other charges	.912
2	Hidden charges for loan processing	.890
3	Fine or penalty for late payment of interest or principal	.811
4	Interest rates of the banks	.804
<b>Factor 5: Repayment of Loan (Variance -9.359)</b>		
1	Flexibility in repayment	.966
2	Sufficient number of chances given by banks before auction of the collateral	.956
3	Repayment schedule for interest and principal amount	.930
<b>Factor 6: Financial Literacy and Customer Education (Variance - 6.369)</b>		
1	Financial literacy programs of banks	.936
2	Customer education	.894

**Interpretation:** Table 4 shows the factor loading after applying Varimax Rotation method. Total six factors extracted and the variables with 0.40 factor loading were found to be successfully loaded on a particular factor.

The first factor comprises total nine statements, all the statements are related to the loan disbursement process of banks. The first factor showed that loan disbursement process followed by nationalized banks for providing a variety of assistances to MSMEs for their growth and development. Loan disbursement process is the most important factor as the decision of the MSMEs to avail the loan or not highly affected by the loan disbursement process.

Second factor comprises total eight statements related to the process of the loan disbursement and hence the name was given Loan disbursement process to this factor. The easier and simplified the loan disbursement process can help in availing the loan by MSMEs from banks and can solve most of the problem of the MSMEs.

Second factor was found employees' behavior and customer services provided by nationalized banks. Effectiveness of the banks in providing financing facilities

get affected by the employees of the banks, the knowledge, skills and behavior of the employees towards the borrowers, which plays a significant role in the relation between banks and the MSMEs. Friendly behavior of employees with the knowledge and skills can help in attracting MSMEs to borrow funds from banks and can help in development of MSMEs. Similarly; the customer services of banks also show the effectiveness of the banks in providing financing facilities to MSMEs, if the banks provide better customer services to the MSMEs then they will get attracted towards the banks for getting finance and many of the doubts related to documents, hidden charges or the loan process may get resolved only by better customer services.

Third factor consists of total five statements related to the banking norms for availing loans. Strict and unnecessary norms, or irrelevant norms creates hurdle in the process of availing banking finance by MSMEs. The effectiveness of the nationalized banks reflects through its borrower friendly policies and norms.

Fourth factor is related to the interest and charges of the nationalized banks. Rate of interest and the charges for loan processing shows the effectiveness of the financing facilities provided by nationalized banks to MSMEs. Low interest rates, reduced charges for loan processing and liberal norms for fine or penalty for delayed payment can help the MSMEs in the growth by opting bank finance.

Fifth factor is related to the repayment of loans, the effectiveness of the financing facilities depends on the flexibility in repayment of loan or interest amount, higher flexibility in repayment will attract the MSMEs to avail the bank finance and solving majority of their problem due to lack of finance.

Sixth factor comprises two statements related to the financial literacy and customer education and hence it is called Financial Literacy and Customer Education. Nationalized banks work to enhance the customer awareness about the new banking products and the benefits of using banking finance and also conduct financial literacy programs for the MSMEs so that the loan disbursed to MSMEs can be increased and can contribute in the development of the MSMEs.

#### IV. CONCLUSION

Hence it can be concluded by saying that MSME contributes immensely in the economic development of the country and there are total six major factors or dimensions of nationalized banks in providing various financing facilities to the MSMEs. These factors are mainly; Process of disbursement of loan, Employees behaviour and customer services, banking norms for granting loans, Interest and charges, Repayment of Loan, and Financial Literacy and Customer Education.

#### V. SUGGESTIONS

The banks should understand all the credit need of the clients and provide them finance, whenever required, banks and financial institutions should not only be confined to meeting financial needs of the clients but they should also act as mentors for MSME sector, whenever required. The MSME on its behalf should adopt better practices, system procedures and compliance to be rich on the expectations of the banks.

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# Comparative study of Public and Private companies working for corporate social responsibility in India

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**Abstract:** Now a day's business purpose is changing day by day and moving towards society. Many business units are becoming social units by providing welfare schemes to society. Corporate Social Responsibility is application taken by the company because of the two reasons first as it is mandatory by company act 2013 which lies in the category of sec.135 or initiative can be taken for the goodwill or welfare of the society in which environment company operates their business. Every Corporation has a policy concerning CSR and produces a report annually in their annual reports. This study focused on the comparative analysis of CSR spending as a percentage of PAT & the transparency score of the public sector companies & private sector companies.

**Key words:** Annual Reports, Public Sector, Private Sector, Corporate Social Responsibility.

## I. INTRODUCTION

Business are the important part of society and now a days playing important role in accelerating education, women empowerment, reducing child labour, controlling pollution, fighting HIV-AIDs, malaria and other disease. These actions have become integral part of business unit which leads to the long term success of the business. The performance of any business unit should be judged by not only the financial parameters but with the other actions performed by the companies like the social welfare work. This CSR work will also create image building and showing the responsible business unit achieve sustainable growth in their operations in the long run and their products and services are preferred by the customers.

By the 20<sup>th</sup> century, Indian companies that had emerged started working for social welfare examples private and public companies like Tata, Birla, Sail, Gail, NTPC, HUL, ONGC etc started giving its support for various areas of society. FMCG companies are doing well in the field of corporate social responsibility. Because of these initiatives of companies' level of the education, Health status of the public, control on environment pollution is improved in the society.

### Objective

1. To study the corporate social responsibility spending of Companies.
2. To compare the corporate social responsibility spending of Public sector companies & Private sector companies
3. To Know priority areas of Companies in welfare activities.

## II. RESEARCH METHODOLOGY

### Data type and source

The study is based on the secondary sources of data collected through journals, articles & annual report and official websites of ministry of corporate. The study is exploratory in nature as it is comparative analysis between public and private sector in India.

### Sampling unit

For this study 40 companies data related to corporate social responsibility spending is collected from the Official website of corporate ministry and other websites. For analyzing the corporate social spending a sample of 40 companies (No of Public companies -16 and No of Private Companies -23) is collected from the population.

### Limitation

The study is based on the secondary data collected from the CSR report of corporate ministry and other official website.

## III. REVIEW OF LITERATURE

Jenkins, R. (2005). This paper described that the CSR has become more important concept in business world in recent years. NGO have been working as a voluntary corporate Initiative, official government agencies are also working in support of Corporate Social Responsibility performed by companies. This article describes the factors that have led to the recent emphasis given to CSR by both bilateral and multilateral development agencies and the United Nations.

McWilliams, A., Siegel, D. S., & Wright, P. M. (2006) this paper described a range of concerns on CSR which is used by the companies to develop a framework for proper

planning and implementation of welfare schemes. Based on this framework, we propose an agenda for additional theoretical and empirical research on CSR. We then review the papers in this special issue and relate them to the proposed agenda.

Tiwari, R. (2011) this paper revealed that the Corporate Social Responsibility announcement made through annual reports clearly indicates that the both MNC and the Indian companies CSR communication made through annual reports clearly reflects that both the Indian companies and the MNCs target the human resource and the customers as their audience for CSR communication but MNC are inclined towards quality driven aspects of HR and customers respectively whereas the Indian companies showed details about monetary benefits and price advantages they offer to customer and HR.

Kang, N., & Moon, J. (2011) this paper explained about that the corporate governance and corporate social responsibility both are interrelated and dependent to each other at the global prospects. There is some similarity like in regulatory, business and social changes in transnational markets have evoked debate and controversy over both the potential and limitations of corporate accountability mechanisms. This paper explained a approach that if we mix both the concept it creates big challenge to how we apply law and policy together, also creates modern methodologies.

Snider, K. F., Halpern, B. H., Rendon, R. G., & Kidalov, M. V. (2013). This paper reviewed relevant theory and practices by which ways public get benefitted by CSR and the effect of these activities. In this study US defense case used Statistical analysis indicates a significant relationship between the levels at which a company engaged in procurement and CSR involvement of their managers. The result of this paper have application both CSR theory and for public procurement policy and practices.

Joseph, C., Gunawan, J., Sawani, Y., Rahmat, M., Noyem, J. A., & Darus, F. (2016). This paper discussed that the corruption is a big obstacle in all over the world Corruption is a serious concern all over the world. Due to the limited amount of Corporate Social Responsibility (CSR) research on specific issues such as bribery, this paper aims to determine the extent of anti-corruption information disclosure in annual reports that demonstrate organizational commitment towards combating corruption.

Sharma, A., & Kumar, A (2016) the aim of this paper discussed about CSR is the source of equitable growth & sustainable development of the society. CSR helps in developing the three level of sustainability process - financial growth, Environmental protection and Social development. This study is dependent on this paper examines the CSR spending of the Indian oil company as per company act 2013 .This study focused on all social

welfare initiatives of Indian oil company in rural areas and Assam . The investments seen from the study are in natural resource management, improving the economic conditions, capacity building, empowerment of disables and rural development on sustained basis.

#### IV. RESULTS AND DISCUSSION

##### Testing of hypothesis

**H<sub>0</sub>:** CSR spending is 2% of the PAT of the companies in the Financial year 2017-18.

**H<sub>1</sub>:** CSR spending is not 2% of the PAT of the companies in the Financial year 2017-18.

**Table no.1** CSR Spending of Companies

Sr No	Company	n	Mean	Std
1.	BSE listed comapnies	40	0.61973	0.746592

**Table No. 2** Z Test on CSR Spending of Companies

Z calculated Value	Z Critical value ( $\alpha = 0.05$ )
17.525	1.64

The calculated Z test value, where the population mean and standard deviation is 0.61973 and 0.746592, respectively, is 17.525. This is much higher than the p value being 1.64 at 95% confidence level, hence the null hypothesis stands rejected.

Thus it is seen that the companies which are having CSR activities are not spending the stipulated amount as cited in the Company Act 2013.

**H<sub>0</sub>:** There is no significant difference in the CSR spending of the public and private sector companies.

**H<sub>1</sub>:** There is no significant difference in the CSR spending of the public and private sector companies.

**Table No.3** CSR Spending of Public Sector Companies & Private Sector Companies

S.No.	Company	n	Mean	Std Deviation
1	Public Sector	16	1.003457	0.6423555
2	Private Sector	20	0.730155	0.83745

**Table No. 4** T-Test on CSR Spending Of Public Sector Companies & Private Sector Companies

t Calculated Value	t critical value ( $\alpha = 0.05$ )
0.37555321	2.032

The calculated t test value, at 35 df, is 0.37555321, which is lower than the critical value of 2.032 at 95% confidence level; hence we fail to reject the null hypothesis. Thus

there is no significant difference in the corporate social responsibility spending as a percentage of Profit after Tax of the Public Sector Companies & Private Sector Companies

## V. FINDINGS

1. Corporate Social responsibility spending of the Indian companies is not equal to 2 %of the PAT in the financial Year 2017-18.
2. There is no significant difference in the corporate social responsibility spending as a percentage of PAT of the Public Sector Companies & Private Sector Companies.
3. Out of 50 eligible companies, 40 have reported as of 31<sup>st</sup> January 2018. Out of these reported companies only 36 have done some expenditure on CSR.
4. Out of total prescribed expenditure of 1183 crores by these 40 companies, 883 crores have actually been spent. (74%)
5. CSR spent by the top 10 companies is 32% of the total CSR spends in FY 2017-18.
6. 39 companies have spent on CSR despite incurring losses in previous years.
7. The mode of implementation of CSR is directly 56%, through society 36% and rest is 4% mode of CSR program implementation.
8. Companies have done CSR spending firstly on education (32%), second on health (26%) & third on environment (14%) and rest on others. Education project received 36% of the CSR fund while Swachh Bharat related projects received 7.3% of Indian companies' CSR fund. Almost 1/3rd of CSR fund was contributed on education sector
9. Private companies mainly FMCG, telecommunication and Automobile sector are spending more on CSR in comparison of other firms. A report of corporate ministry said that 1/3<sup>rd</sup> of the companies could not meet the mandatory CSR while few companies spend more than CSR expenditure than the prescribed CSR spending.

## VI. CONCLUSION

The study revealed that the CSR spending is shown on paper but there is difference in prescribed spending and disbursement of funds. Public sector and private sector both are performing CSR spending as per company act 2013 so there is less difference in prescribed and actual spending. Company should start regular audit for CSR spending and to check the effects of that on beneficiary. With the proper system of accountability and disclosure of

CSR planned and actual expenditure it will bring a remarkable change in the image of the company and the society we as consumers and stakeholders should support to those companies who are involved in the social welfare work to do business responsibly as well as contribute to benefit society.

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# Green Marketing: A Way to Achieve Healthy Environment

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**Abstract—** Green marketing is a new marketing philosophy which has now become the necessity for sustainable development. Green marketing involves developing and promoting products and Services that satisfy customer wants and needs for quality, performance, affordable pricing and convenience without having a detrimental impact on the environment. It has to be practiced in each and every organization in order to save our earth from deterioration and thus helps in saving our future generations.

Hence, an attempt has been made in this paper to understand the concept of Green Marketing. This paper analyses the importance of Green Marketing in today's world. The finding of the study will identify the obstacles in the execution of Green marketing and also suggest some measures for its successful execution.

**Keywords—** Green marketing, sustainability, LOHAS

## I. INTRODUCTION

As resources are scarce and human wants are infinite, this broaden gap has augmented the interest among the consumers all over the world regarding fortification of environment. This increasing awareness amongst the world regarding ecological balance has provided more environmental consciousness amongst them. This in turn has transformed the behavioural blueprints both in individuals and businesses.

As we all phase the environment side effect like temperature fluctuation, ozone layer deterioration, rainfall disturbance and many more which all created by us directly or indirectly, so here the requirement of green environment arises in top most priority for saving our environment and to live life happily and also for saving our next generation from the side effects of nature. for developing green environment not only plantation is helpful even the more has to do that is the green marketing, means used green products .when customers are using only those products which are nature friendly, nontoxic and of course recyclable so the companies have to produce environment friendly products only. All over the world, the consumers are now cognizant regarding fortification of the environment in which they live. Most of them believe that environment-friendly products are safer to use. They are at present, showing eager interest in using products and services such as organic food, hybrid cars, carpooling, recycled products, energy saving appliances etc. Thus, the global concern regarding environment has highlighted need for going green in

every field of human life; and that includes marketing as well. As a consequence, there is a swing in practices of marketers as well that has given birth to the concept of 'Think Green'. This led to give the idea to organisation that they can broad the target market and win over the competition while producing and promoting the green products which can easily be recycled and reusable because now a days consumers are very rational specially taking concern for their children so obviously they are ready to spend high for those products which are good for their kids like organic food and as taking concern for pollution employees will ready for car-pooling it will save pocket as well as environment.

### A. Green Marketing

Green marketing is the marketing of environment friendly products and services. It is becoming more popular as more people become concerned with environmental issues and decide that they want to spend their money in a way that is kinder to the planet. Green marketing can involve a number of different things, such as creating an eco-friendly product, using eco-friendly packaging, adopting sustainable business practices, or focusing marketing efforts on messages that communicate a product's green benefits. for example ; we should use cloth bags while shopping rather than plastics and paper bags, because we should not only try to save environment from destruction with the use of products which are decomposable rather we should try to save environment by saving nature and natural products such as water, forest, woods and petrol etc.

**LOHAS** : It stands for Lifestyles of Health and Sustainability.

According to Wikipedia: “*LOHAS describes an integrated, rapidly growing market for goods and services that appeal to consumers whose sense of environmental and social responsibility influences their purchase decisions.*”

These consumers are active supporters of environmental health and are the heaviest purchasers of green and socially responsible products. Even for purchasing these products they have to pay higher comparatively. They also have the power to influence other consumers,

### B. History of Green Marketing

The term Green Marketing came into prominence in the late 1980s and early 1990s. The American Marketing Association (AMA) held the first workshop on "Ecological Marketing" in 1975. The proceedings of this workshop resulted in one of the first books on green marketing entitled "Ecological Marketing". Two tangible milestones for wave 1 of green marketing came in the form of published books, both of which were called Green Marketing. They were by Ken Peattie (1992) in the United Kingdom and by Jacquelyn Ottman (1993) in the United States of America.

### C. Evolution of Green Marketing

The evolution of green marketing has three phases.

- 1) **‘Ecological’ Green Marketing:** This was the first phase, during this phase focus was on the marketing activities which help the environmental issues and also provide the remedies for those issues.
- 2) **‘Environmental’ Green Marketing:** This was the second phase, it focuses on use of new and innovative technology that can design products, which take care of pollution and waste generation issues.
- 3) **‘Sustainable’ Green Marketing.** This was the third phase. Its arrival period was late 1990s and early 2000s. Green marketing has changed the concept of traditional marketing. Now the some companies have started advertising products which claims of having green in nature or technology or marketing. This phase provides the opportunities to businesses of using green marketing, now it is up to companies and consumers that how they utilise or react on it.

## II. LITERATURE REVIEW

A number of research papers and articles provide a detailed insight about the role and concept of Green marketing.

Karna, J., Hansen, E. & Juslin, H. (2003) interpreted that proactive marketers are the most genuine group in implementing environmental marketing voluntarily and seeking competitive advantage through environmental

friendliness. The results also give evidence that green values, environmental marketing strategies, structures and functions are logically connected to each other as hypothesized according to the model of environmental marketing used to guide this study.

Ram Balak Yadav & Govind Swaroop Pathak (2013) entitled Green Marketing: Initiatives in the Indian Context interpreted green marketing is an advance and important concept. He discuss the social and environmental dimensions of green marketing.

Jaya Tiwari in her paper entitled “Green Marketing In India: An Overview” Interpreted that now a days consumer group is more conscious about environment that accelerates consumers to follow green lifestyle. Consumers show their concern and trying to save environment by using green products.it is in initial phase still lots have to do for successful implementation of green marketing.

Sanjay K. Jain & Gurmeet Kaur (2004) in their study of environmentalism which had fast emerged as a worldwide phenomenon discussed business firms also come in full flash way to encounter environmental challenges by following green marketing strategies. Green consumerism has played a catalytic role in ushering corporate environmentalism and making business firms green marketing oriented.

Digital India: A Study of New-Age e-Entrepreneurship in India (Arjuna Kumar Sahu1, 2015) Arjuna Kumar explore Digital

India and other initiative like National Digital Literacy Mission (NDLM) penetration of mobile phone and broadband has

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## III. OBJECTIVE OF THE STUDY

A. *To study about the concept of Green Marketing and its necessity in today’s world.*

B. *To study the challenges coming in the way of Green Marketing.*

#### IV. RESEARCH METHODOLOGY

The research design of the study is descriptive in nature and the concept, Green P's Of Marketing and challenges discussed in detail. The data collection has been done from secondary data analysis, for this purpose various journals, newspaper and various sites of government of India and organisations which are positively involved in GREEN MARKETING was visited.

##### C. Green P's of Green Marketing

When companies come up with new innovations like eco-friendly products, they can access new markets, enhance their market shares, and increase profits. Just as we have 4Ps product, prices, place and promotion in marketing, we have 4ps in green marketing too, but they are a bit different. They are buttressed by three additional Ps, namely people, planet and profits.

- 1) **GREEN PRODUCT:** The first P of marketing is product. Products always have to develop considering demand and choice of consumers, here Green P is belongs to that category which are of environment friendly. In this category manufacturer companies play important role in using raw material is of recycled in nature and technology used for making this is also have eco-friendly nature. By following process of green production it not only save precious water and money only but also save environment from harm effects generated from production. They also has to take concern for wastage material resolution. Now comes the role of marketer's in product management includes providing product designers with market-driven trends and customer requests for green product attributes such as energy saving, organic, green chemicals, local sourcing, etc., For example, Nike is the first among the shoe companies to market itself as green. It is marketing its Air Jordan shoes as environment-friendly, as it has significantly reduced the usage of harmful glue adhesives. It has designed this variety of shoes to emphasize that it has reduced wastage and used environment-friendly materials.
- 2) **GREEN PRICE:** The second P is Green pricing. While deciding the pricing consideration has to give on the people, planet and profit. So that it can take care of the health of employees and communities and ensures efficient productivity. Value can be added on changing phase means addition of qualities rather it be appearance or functionality.. example Wall Mart unveiled its first recyclable cloth shopping bag.
- 3) **GREEN PLACE:** The third P is Green place. By managing the logistics to cut down transportation route or place which generated the pollution that is harmful gas emissions. Example, instead of marketing imported kids toys in India it can be licensed for local production. By spreading awareness regarding using Indian products will help in reducing

transportation and also have no side effect to kids. This avoids shipping of the product from far away, thus reducing shipping cost and more importantly, the consequent carbon emission by the ships and other modes of transport.

- 4) **GREEN PROMOTION:** The forth P is Green promotion. It involves the configuration used to make promotion kit. Such as advertising tool, marketing materials, signage, white papers, web sites, videos and presentations by considering planet, people and profit in mind. Example: Indian Tobacco Company has introduced environmental-friendly papers and boards, which are free of elemental chlorine.

#### V. CHALLENGES FACED IN IMPLEMENTING GREEN MARKETING

##### A. Awareness

For the successful implementation of green marketing the awareness of green products and their uses must be known to the consumers and producers.

##### B. High Cost involved

As the concept is new so the requirement of raw material for production, requirement of manpower for using new technology and of course the sale promotion cost high for the organisation , so ultimately these products comes in the LOHA category, and cost is high for both producer and consumers.

##### C. Standardization

Are organizations following the norms of standardisation of GREEN MARKETING, or they falsely show that they are the supporters of green marketing by using the eco-friendly procedure for making and selling of eco-friendly product. This is one of the important challenges comes in the way that there is still lack of authentication for approving the standardisation of green category, like whether the raw material used by the organisation having renewal and recyclable category so that the product will comes as green product or the techniques used in producing and selling are of eco-friendly. This loophole is very serious issues comes in front of implementing green marketing.

##### D. Customer Queries

Customer who are environment loving and concerning about saving environment will ready to pay premium cost for purchasing green product but they need satisfactory authentication that the organisation really follow the standard for making and selling green product.

##### E. Issues related to Sustainability

Green Marketing will not be fruitful for short run business because by implementing new concept of green marketing. They have to use renewable and recyclable products and green technologies which are more expensive and profit margin also very low in the initial years of establishment. Green marketing will be successful only in long run. Hence the business needs to plan for long term rather than short term strategy and prepare for the same, at the same time it should avoid falling into lure of unethical practices to make profits in short term. According to Lindner (2008), most of the eco-friendly improvements in the organisations do require some capital at initial levels, but this initial investment can also result in significant cost saving in the future and drive revenues in the long run.

#### F. Non Cooperation

It help citizens of the country to handle online appointments, pay online fees of doctors and government hospitals. The firms practicing Green marketing have to strive hard in convincing the stakeholders because no one wants to invest in risky and costly business and many times it may fail to convince them about the long term benefits of Green marketing as compared to short term expenses.

### VI. SUGGESTIONS

- 1) Before creating awareness companies have their clear plan regarding Green marketing that is detail knowledge of concept, than strategy and layout that is what they want to present in front of consumers having green standards of green marketing, than how they are going to achieve and promote for changing choice from traditional products and services to eco-friendly products .
- 2) Consumer awareness can be created by spreading the message among consumers about the benefits of environmental-friendly products through advertisements, radio, nukkad-natak etc. and social media now a days have wide network by using the benefits of social media group, benefits of green marketing can also spread by creating the small video or profile and share it on Facebook, twitter.
- 3) For reducing cost, government has to take actions and also need co-operation from the private organisations..
- 4) Standard norms and regulating authority has to be established which should perform their duties with full honesty.
- 5) One more thing that for the sake of us we have to protect our environment for this we should bear little bit high cost of product, which ultimately provide benefits in terms of good health and green environment

### VII. GREEN PRODUCTS IN INDIA

- 1) Wipro Info tech was the first company to launch environmental friendly computer peripherals.

- 2) Samsung, launch the first eco-friendly mobile handsets (made of renewable materials) – W510 and F268- in India.
- 3) Maruti Udyog Ltd used Green Supply Chain. As Company from its establishment concerned about environment so they already used natural resources in some amount. Also the company has implementing the Rain water harvesting to recharge acquifiers. They also implementing the Environment Management System (EMS) at its suppliers' end. For successful implementation of EMS regular training provided for all the suppliers and proper auditing of this also done time to time.
- 4) Suzlon Energy manufactures and markets wind turbines, which provide alternative source of energy. This environment friendly initiative taken by the company by using natural air is extremely important for reducing the carbon footprint.
- 5) Honda India introduced its Civic Hybrid car.
- 6) Oil and Natural Gas Corporation Ltd. (ONGC), India's largest oil company, has introduced energy-efficient Mokshada Green Crematorium, which saves 60% to 70% of wood and one fourth of the burning time per cremation.
- 7) Reva, India's very-own Bangalore based company was the first in the world to commercially release an electric car.
- 8) ITC has introduced Paper Kraft, a premium range of eco-friendly business paper.
- 9) Indusland Bank installed solar-powered ATM which is first ATM of environment friendly nature using natural resource that is solar energy.

### VIII. CONCLUSION

As we all know about the greenhouse effect, depletion of ozone layer, weather fluctuation which all caused by the unhealthy environment. What is the reason behind it? Simple the deforestation, pollution and the use of pvc or non-recyclable product. by choosing this topic for making research paper is to create awareness about green marketing, and also want to share the benefits of green marketing. This paper also share the challenges faced for implementing the concept and suggestion for correcting the way to sort out problems of attainment of concept. *As per my opinion Green marketer can attract customers on the basis of performance, money savings, health and convenience, or just plain environmental friendliness, so as to target a wide range of green consumers. Any business cannot be long run without profit. As from the point of view of businessman producing green products and selling them increase the cost .So the charging premium price for special product. Being eco-friendly product I term it as special. there is lots of scope of doing*

*correction both from consumer and businessman side. That businessmen have to think again for pricing and promotion policy for selling of their product and on consumer side if we pay high for good quality thing so the green products which play double benefit in your life that is healthy for you and also beneficial for environment.*

***“At the end expecting to take good from environment think about the returning policies.”***

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# SCADA System a Dynamic Change in Technology and Management in Some Sectors Especially In Logistics and Supply Chain Management and Study of its Vital Role in Worlds Economy

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**Abstract** - At present time we are feeling a beginning of a new era of developments and revolution in many fields. Automation process is going to be adopted in many sectors. Some sectors are logistic, supply chain management, warehousing, third party logistic, shipping and is currently confronting immense, change and like all changes this brings both risk and opportunity. SCADA system is a great tool of automation. Some tools of automation are DCS, PLC, HMI, and SCADA's new technology, new market events, New business model, new customer expectations and globalization and so many other reasons these sectors could develop to meet these challenges, some changes are going to revolutionary and some changes are going to move evolutionary. In supply chain management supervisory control and data acquisition system is playing a great role to improve economic growth of our country as well as worldwide. SCADA Applications are used in aerospace water distribution system, Electricity distribution system, pumping stations, fire alarm, chemical plants, petroleum pipelines, bottling plants, traffic signals, and many more type of supply chain network.

**Keywords:** SCADA–Supervisory control and data acquisition, PLC – Programmable logic controller, SCM – Supply chain management system, DCS – Distributed control system

## I. INTRODUCTION

**Defining SCADA:** supervisory control and data acquisition system is one of the super Automatic control systems. It is a great control architecture system that uses network data. Computers, high label process supervisory management system. This system works on proximity sensors. It works where human approach is not possible. It works continuously all over the time after the SCADA installed in it.

**Defining supervisory control:** It is a great controlling system of any organization. It is a general term for controlling of many individual controllers such as distribution control system. It is a specific class of system for use in process control it a special type of control.

**Technology:** At Present time we are living in the technology age. In simple words the system by which a society provides est. members with those things needed or desired. It is a great science of the practical or Industrial arts as applied science. It uses technical terminology. Many types of technologies are here as digital technology, wireless technology, renewable technology, cutting adage

technology space technology and mining technology. On some places technology play nary positive role whereas on some places a negative role. Today et Operates whole world as well as logistics, warehousing and supply chain management.

**Automation:** On the place of people machines do the work. By the electronic devises all the process controlled and work done through machines. It functions automatically. It also seduces human resource. Automated production is uses in many industries. Some types of Automations are fixed Auto motion and programmable automation etc.

**PLC:** It is called programmable logic controller It control required manufacture Processes for example. It controls Robotic operations, robotic devise and assembly line works. It can easily diagnose faults in production lines, supply chain management etc.

**Proximity Sensors:** A Proximity sensor is a type of sensor which is able to detect the present of nearby objects without any physical contact these sensors emit an

electromagnetic beam of electromagnetic radiation and looks any change in the field or return signal.

**Logistics and supply chain management:** Logistics and supply chain managements are the broader concept of goods flow from one place to storage, their packaging, and including all methods of handling materials the logistics firstly started in military science and et become popular of second world war. When we talk about complete flow of goods and materials is called logistics. Keith Oliber first introduced supply chain management concept in 1982. Supply chain includes very large area of flow of goods logistic comes and work under the supply chain management. It is a part of supply chain ma management. Supply chain management starts their works between the origin point and consumption point. warehousing, logistics , goods flow service flow , Information flow , total controlling and their implements, service flow of goods, forward flow of goods are the part of SCM both SCM and logistics fulfill customer requirements both makes the management fine and harp.

#### Objective of the study

- To describe the concept of SCADA system.
- To understand the uses of SCADA system in supply chain management
- To study Applied area of SCADA system

#### Benefits of SCADA System

It saves millions of rupees emery year. It's a contentions supervisory control system.



- SCADA System is very useful at present time. It gives a great profit of operational intelligence.
- It reduced human resource and also reduced maintenance cost.
- It in poses work flow and makes the work with great affiance.
- It makes the global optimization easy and comfort because of developing new technology.
- Smooth operation and work flow maximize the profitability of an organization.
- SCADA System identifies problems in a easy way. That's why management takes right action on the right time. Clear flow, flow of supply disturbance takes very little time to go of there.
- It is very useful for improving productivity.
- Early detection of problem is possible due to this system.

- It reduces losses and increase information about serious failure.

## II. REVIEW OF LITERATURE

**Forestor (1961):**found that the industrial system should be batter at this time . A industry will compet surely if there management system is working with some model. Applying some model the growth possibility will be sure. Without any experiment management cannot understand there profit or losses. In engineering science, production science A successful model should be apply for the proficiency in the system today there are more challenges in the market without a systematic approach stable condition is not possible.

**Bonnizue (2015):** Found that SCADA is a computer based monitoring system for supply chain management process. It identifies the blocks leakages of the pipe line supply system. It minimizes the risk factor. No Human resource can be compare with this high tech system. But in other hand by the cyber attack its efficiency, accuracy is in the doubt. On many placeless by the cyber attack on SCADA streets light, production work, check of leakages could not function for many hours. Many accidents occur due to the failure of SCADA function and cyber attacks. Many attacks were found on IT system so the attacks on the software are the biggest challenges of these times.

**Kiran Khemaar etc 2017** found is her paper that SCADA system may be useful in many other fields like the ration dispensing system. It a great toss of food distribution system. In the Conventional system of food distribution increases many illegal activities. Government flagship programme food for all is a largest program of food distribution in the world. Programmable logic control may be connecting with RFID system and with their smart card. Any person may be identifying easily by this system. PLC DELTADVP -64 EH system easily control two solids and the liquid materials. Automatic rationing system uses power supply, controller, Input section and output section also. WPL soft 2.30, Elips SCADA future shape, software's are going to be used in supply chain management organization.

**Ravina sharma (2017)** by the study of their article it is understand easily that SCADA is an excellent system for many type of material and watching their supply chain this makes reduces human power in the organization or in the production places automated storage system is very use full. It controls by the sensors and by their intelligence. It controls better on inventory, raw materials, flow of goods and it is very fast system also It reduces the labour cost and better for safety purpose . Any organization can save many and time.

#### Hypotheses:

H<sub>0</sub>: SCADA system is beneficial for supply chain management.

H<sub>1</sub> : SCADA system is not beneficial for supply chain management.

### III. RESEARCH METHODOLOGY

- Descriptive correlative study will be conducted between coefficient and variables.
- Answers of the respondents will be examine by the (Phi – Correlation coefficient)
- The data used in this study is purely primary, secondary and tertiary in nature.
- The data available in the newspaper, internet govt. data, industries repots had been used to come on certain conclusion and results.
- The period studied for the study is post March 05/05/2019 to April 05/06/2019.
- Statistical tools are used for data processed. Some statistical tools are parentage and correlation test.
- Sample size for this was 50 respondents of M.P. (Bhopal) Newly trend employ by SCADA software treed employee and old pattern trained without using SCADA employee group gives answer is **yes** or **no** (Industry benefit or not)

Answers of a question	Yes	No	Total
Newly trained by SCADA beneficial for SCM industry	20	05	25
Old pattern trained employee of SCM Industry	05	20	25

#### Phi correlation coefficient

Variable	X			Total
	+	-	Total	
	+	A	B	A + B
	-	C	D	C + D
Total	A + C	B + D	N	

$$\phi = \frac{AS - BC}{\sqrt{(A + B)(C + D)(A + C)(B + D)}}$$

#### (Calculation of phi – correlation coefficient )

Type of Training	Yes	No	Total
Trained by new SCADA system employee in SCM.	22 (A)	03 (B)	25 (A + B)
Trained by old pattern employee in SCM.	5 (C)	20 (D)	25 (C + D)
Total	27 (A + C)	23 (B + D)	50 (N)

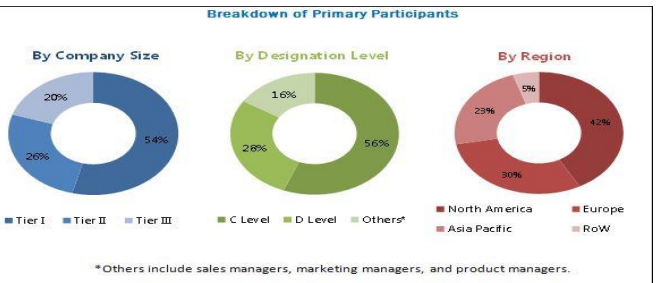
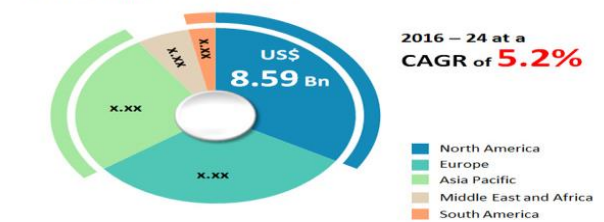
#### (Calculation of phi – correlation coefficient)

$$\phi = \frac{AD - BC}{\sqrt{(A + B)(C + D)(A + C)(B + D)}}$$

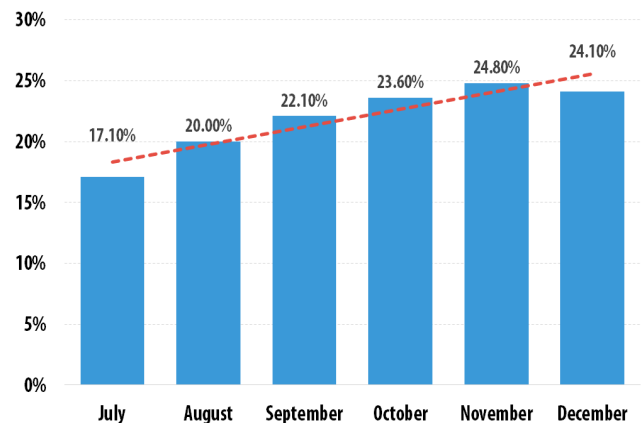
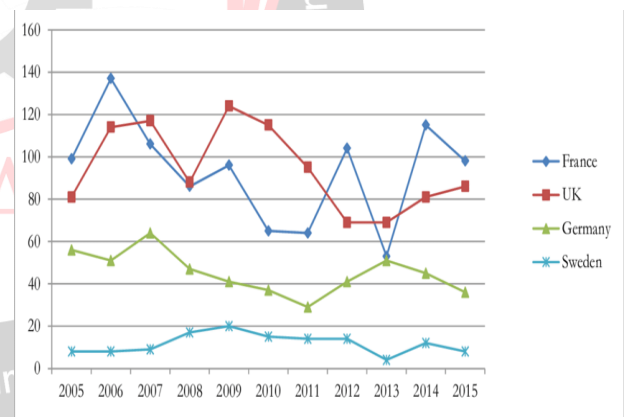
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### Global SCADA Market Revenue

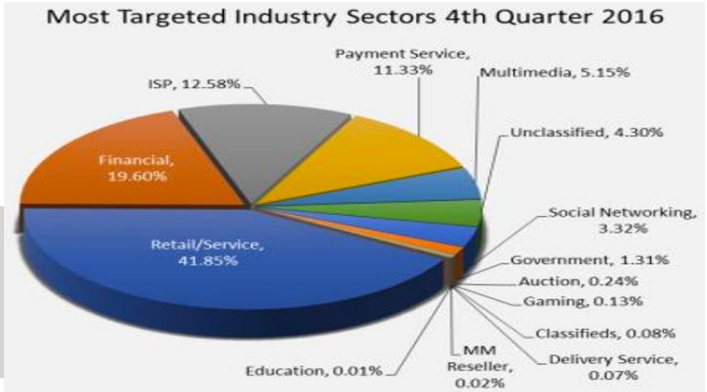
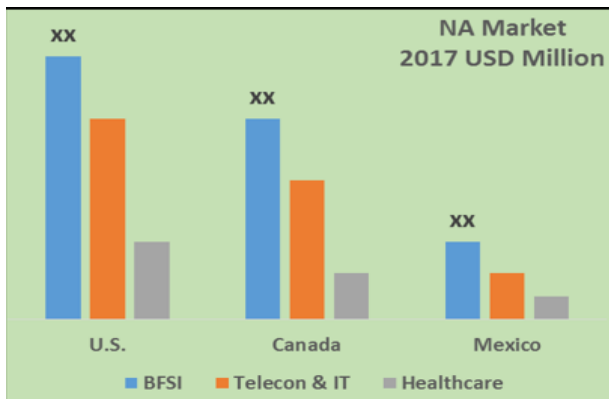
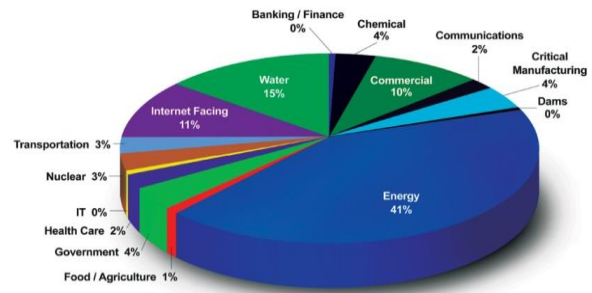
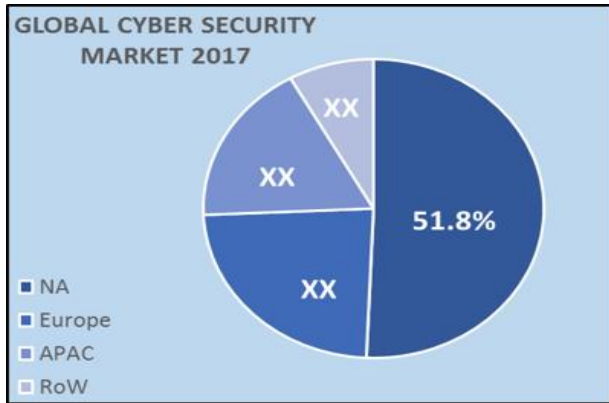
By Geography, 2015 (US\$ Bn)



Two variables are not divided equally so the answer indicates on the yes side. Means SCADA system is beneficial for the owners and supply chain management organization. The SCADA market growth rate maybe 6.6 % between 2017 and 2022 to be worth USD 13.43 billion by 2022 and the Energy sector affected badly by 41%. Maximum cyber attacked on SCADA on critical manufacturing sector by 65.27% and on energy sector by 79.32%. U.K. Germany, France, Sweden on mostly effected by cyber attack on SCADA system.







**Interpretation -**

Many Industries like SCM, Industry Pharma industry, electrical industry, and internet attack power producing companies have been attacked by viruses and millions of dollars losses every year in the world due to these but on other hand SCADA system save millions of dollars every year.

**LIMITATION OF THE STUDY**

- Study period is very short. Study of economy growth is very vast. So only short study is unjustified with this subject and conclusion.
- The statistical methods used to analyze the data have their own limitations.
- Data availability is not sufficient and hence the result of the study cannot be generalized.
- Neither any Govt. of India nor any State Govt. data available on SCADA system and nor any report directly indicate the economic growth about the SCADA and their effect on the country's economy is unable.
- Simple discussion and results: SCADA system software minimizes the cost of any pipe line operation in the supply chain management but in India its growth is not satisfactory.
- In European country SCADA is used vigorously .Cost of this system is cheaper than in India.
- Gas pipe lines, petroleum refinery companies, production engineering all are going to be profitable by the SCADA.

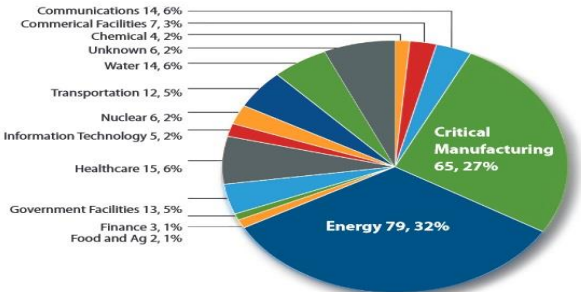
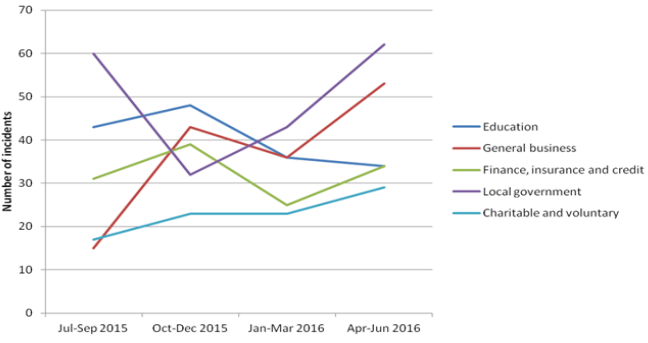


Figure 1. FY 2014 incidents reported by sector (245 total).

- Electric distribution companies can check their fault i.e high voltage; low voltage fault can be detected easily.
- Water supply companies can check their leakages in the pipe line as well as petroleum, gas and milk distribution companies are gaining profit by SCADA and they are saving human resource as well as natural resources.
- By the viruses attack many industries accidents occur. It has become important to save SCADA b y viruses attack human error can makes SCADA uncontrolled so the technical expert person should be operated this system.
- Every industry cannot use this system and it cannot be used by all purposes.

#### IV. CONCLUSION

Based on discussion, results, testing of hypothesis, study of graphs it can be concluded that :

- SCADA system is very beneficial for economic purposes.
- It saves money labour cost and it is an open eye for any supply chain network for twenty four hours continuously.
- It fulfills the demand of thousand of human resource by one SCADA system.
- It plays a very vital role in the supply chain industry.

#### V. RECOMMENDATIONS

- Govt. should give special support to spread SCADA in the field of agriculture.
- It should be more advanced that's why it can be used all purpose like at home, at shops, at hospitals, birds attack on the crops in the field, fruit growing areas etc. etc. because SCADA sensors can perform easily in the field.
- Leverage social media should be play great role to spread this system in maximum organization.
- Training and learning based programmer can minimize the fault of human errors.

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#### ABBREVIATIONS

- SCM - Supply chain management  
SCADA-Supervisory control and data acquisition  
PS- Proximity sensors  
PLS- Programmable logic controller

# A Study on the Effect of Inflation on Nifty Index

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**Abstract** - The growth and development of the economy of a nation is promoted by the growth of the stock market as investment in the stock market is a long term phenomenon so any development that could affect the stability of the economy would surely have impact on the performance of the stock market. Because of this the study of impact of macroeconomic variables such as the inflation, interest rates, GDP etc on performance of stock market has implications for the investors and policy makers. Our economists and market experts have recognized that inflation is one of the major factors that could derail the economy of any country. Currently, inflation seems to have become a double-edged sword wherein policymakers with political opponents attacking the government, that's why the relationship between inflation and stock market has been a great concern for them. In this context, this study examines the impact of the inflation on NIFTY Index also to find out the degree of the relation between NIFTY and inflation.

**Keywords:** Investment, Macroeconomic Variables, Inflation, Stock market, NIFTY Index

## I. INTRODUCTION

In order to understand the Stock market movements which are affected by numerous factors and events, it has been classified as Macro and Micro as there is a belief that the stock markets mirror the real economy as policymakers tend to view the markets as a barometer for testing or gauging the efficacy of specific policies. The study of macro and micro environment plays a significant role in the economy. In a favorable macro environment stocks can trade with high PE values and the confidence of the investors in the stock market improves considerably. As per the market experts Inflation is one of the major macroeconomic variable which have direct or indirect impact on the stock market performance which further impact the economic growth of the country.

Consumer price index is a reflection of inflation in the economy and if it is high, it could threaten macroeconomic stability, making the stock market more volatile. Inflation shows a positive relation with stock returns, as equities serve as a hedge against inflation. Generally, inflation has a negative effect on FMCG stocks, as it reduces discretionary spending of consumers. However, this relationship might not hold true every time. Falling inflation can also end up hurting FMCG companies as well. This happens when costs coincides with weakening consumption demand, urban demand affected by poor

economic growth and rural demand being adversely affected by bad weather and falling rural wage growth. When costs decline in such an environment, larger companies fear they will lose market share to smaller ones if they keep prices unchanged.

Inflation seems to have become a double-edged sword for policy makers with political opponents attacking the government over farmers getting hit due to low prices for agricultural produce, even as the rate of price rise in 2018 has mostly been contained within the targeted comfort zone. As per the data given in the Economic Times, Feb 2019, retail as well as wholesale price inflation remaining low for most part of the year, though spikes in petrol and diesel prices came as a spoiler. The latest data puts retail inflation for November at the year's lowest level of 2.33 percent, mainly due to low prices of food articles, coupled with deflation in some agricultural products---which is a good news for consumers as well as the government and the RBI. But this situation results in a crisis for farmers. The crisis has got further more worsen for those having taken farm loans. The year saw multiple agitations by farmers demanding better price of their produce and also effective measures to support the farming sector. (**Article in The Economic Times, Feb 2019**)

## II. CONCEPTUAL FRAMEWORK

Efficient Capital Markets are critical for Economic Growth and Prosperity. An quintessential part of capital marketplace is the stock marketplace, the improvement of that is related with the user's stage of savings, investment and the charge of financial growth. Stock market reacts in reaction to various factors ranging from financial, political and Socio-cultural behavior of any united states. The overall performance of stock marketplace is gauged thru actions in its index that's inspired via many elements including corporations' precise elements, home elements (macroeconomic, social & political) and global elements. There are many macroeconomic variables that could have an effect on stock market index of India which include Inflation & Exchange Rates, Gross Domestic Products (GDP), Interest Rates, Money Supply, Trade balances, Foreign Direct Investment, Foreign Institutional Investments and so forth. Most important and important financial variables which could have an effect on the growing countries including India are inflation, Interest fee, GDP and FDI & FII flows. The study of macroeconomic variables and stock market index has constantly been helpful for finance practitioners. Some of which affect the inventory market returns and index definitely even as others have an damaging impact on inventory marketplace returns and index.

## III. BACKGROUND OF INFLATION

### Inflation

Financial economists are always fascinated to know about the relationship between stock rate and inflation. These monetary economists accept as true with that fairness can be used to hedge in opposition to the inflation. Inflation and stock expenses are two crucial indicators of a country's economic system. The impact of inflation on the stock market presents an vital implication for threat control practices, economic securities valuation and authorities coverage toward financial market. Inflation is one of the primary continual threats so one can undermine or maybe adversely have an effect on the financial boom if not curbed. Globally, Central bankers have fears which pressure them to execute the economic policies that are inherently unpopular. Inflation reasons the redistribution of wealth. It makes a few people unfairly rich and impoverishes others. For the rational traders, there's a chance-return trade-off that they need to bear in mind. At the same time, they need to evaluate whether the charge of go back inside the inventory investments can compensate the loss of purchasing strength as a result of inflation.

### Meaning of Inflation

Inflation method a continual upward push in fee ranges of commodities and offerings, which ends up in a decline in currency's purchasing strength. Inflation may be measured in Consumer Price Index (CPI) or Wholesale Price Index

(WPI). A consumer charge index measures the adjustments in the charge stage of consumer goods and services bought with the aid of households. A CPI can be used to index (i.e. To adjust for the effect of inflation) the actual fee of wages, salaries, pensions, for regulating charges and for deflating financial magnitudes to expose changes in actual values.

$$\text{CPI} = \frac{\text{Updated cost}}{\text{base period cost}} \times 100$$

The Wholesale Price Index or WPI is the rate of a representative basket of wholesale items. The WPI specializes in the fee of goods traded among companies, in place of items bought by means of purchasers, which is measured via the Consumer Price Index. The purpose of the WPI is to screen fee moves that reflect deliver and call for in enterprise, production and creation. In this take a look at, Inflation (CPI) has been taken into consideration. **The new Consumer Price Index (CPI) (combined), as the key measure of inflation which came in force since April 2014.**

When the economy is experiencing neither inflation nor deflation in the course of healthful monetary times, a time period like fee stability would possibly describe the monetary pricing surroundings on the time. So at what point does an financial system go from the favored reputation of charge balance to inflationary (i.e. An economic system experiencing inflation, which is sort of continually visible as a hassle). Although all economists recognize that the better the price of inflation, the extra critical the financial problem, what constitutes the brink of transferring from precise to awful and from terrible the more severe. It is obvious that the nominal charge of inflation is commonplace and might also be precise for the economy however once inflation movements up into the excessive unmarried-digit variety and then double-digit range, it starts off evolved to self-compound right into a higher fee. Runaway inflation has the potential to turn an economy right into a smoking black hollow.

### Causes of Demand-Pull Inflation

- Classical Economists argued that the main motive of demand-pull inflation is excessive money supply
- Growth of Population
- High export earnings

### Causes of Cost-Push Inflation

- Increase in the price of raw materials
- Increase in the price of Petrol or Diesel

- Increase in wages
- Fiscal policy changes
- Natural Disaster, Gradual exhaustion of natural resources
- Inefficiency
- Corruption
- Mismanagement of the economy

### Effects of Inflation

In the marketplace there can be both gainer and loser. One should discover the character of inflation which may be expected and unanticipated to evaluate the effect of inflation. In fact, inflation can't be anticipated accurately as there is no actuality about future activities. This creates numerous issues to the economy.

### Effects of Inflation can be studied under two broad headings-

- (a) Effect on Distribution of Income and Wealth; and
- (b) Effect on Economic Growth

### Effects of Inflation on Distribution of Income and Wealth

Often people revel in growth of their incomes at some stage in inflation which ends up in benefit of a few human beings on the price of others. Individuals benefit due to the fact their money income increases greater than the upward push in charges and a few different individuals lose, due to the fact in that case costs are increasing extra hastily than their profits throughout inflation. Thus, it leads to disturbance within the distribution of earnings and wealth.

### Though no conclusive evidence can be cited, it can be asserted that following categories of people are affected by inflation differently

- (i) **Creditors and Debtors:** During Inflation it is found that borrowers usually gain whereas lenders lose because debts are fixed in rupee terms. If the price level increases the real value of debts decline at the time of repayment. It means that inflation is welcomed by the borrowers since they have to pay less in real terms whereas lender loses since the rate of interest payable remains unaltered as per agreement. This does not happen rather the loan-giving institution makes adequate safeguard against the erosion of real value. Above all, banks do not pay any interest on current account but charges interest on loans.
- (ii) **Bond and Debenture-holders:** Bond and debenture holders earn constant hobby earnings and if the price of inflation will increase more that the interest charge then those people go

through a reduction in the actual income because the real price of savings become worse.

(iii) **Investors:** The possibility of earning more profits in business during inflation increases and the people who put their money in shares during inflation would also earn handsome profits.

(iv) **Salaried people and Wage-Earners:** Salaried people and wage earners are basically fixed income earners and inflation results in a reduction in their real purchasing power. On the other hand, people who are earning flexible incomes may gain during inflation.

(v) **Profit-earners, Speculators and Black Marketers:** Profit-earners, speculators and black marketers these types of institution of human beings are benefited by means of inflation. Profit commonly has a tendency to rise in the course of inflation as businessmen boost the fees of their products which leads to high income. Similarly, speculators and black entrepreneurs additionally gained by way of inflation. Thus, during inflation rich becomes richer and terrible turns into poorer. These outcomes of inflation may additionally persist if inflation is unexpected however if inflation can be anticipated as it should be then all of the classes of effected human beings can build up their very own techniques to cope up with inflation. However, it is difficult to anticipate accurately the rate of inflation due to following reasons-

- If it is anticipated accurately, the adjustment with the new expected inflationary conditions may not be possible for all categories of people.
- It may prove to be expensive to the society
- If people's expectation of price rise in future become stronger they will hold less liquid money since its real value decline

### IV. RATIONALE OF THE RESEARCH

In the economy of any country, the stock exchange plays a major role in its development. The stock market plays a very significant role in the mobilization of capital in many emerging economies. NIFTY Index also accelerate the investments, this study described the influences of some key economic factors like inflation on stock market prices. This study will help the investors in taking sound investment decisions by identifying the various economic variables. This study will help research analysts, individual investors, portfolio managers, foreign and institutional investors in understanding the effect of inflation on the stock market. This study therefore attempts to illuminate how inflation as an economic fundamental impacts on the process of securities market.

## V. REVIEW OF RELATED LITERATURE

Review of literature is an important part of any research problem. The review of earlier studies is essential and is useful to give the right direction to any study. It explores the developments in the various subjects of the study. It helps the researcher in formulating the methodology which comprises of hypotheses and selecting those variables which needs to be studied and seeks to explore research gap. It describes what has actually been done and what remains yet to be done on the specific subject/ phenomenon.

1. **Kim and Ravi (2006)** have examined the relation among international security returns and predicted inflation based totally on their sensitivities to global stock and bond factors. The paper shows inflation sensitivities of returns on American indexes and worldwide mutual budget on their sensitivities to international stock and bond indexes. The end result from OLS regression coefficient for return sensitivity of stock in the stock market becomes bad and huge. The coefficient for go back sensitivity to the bond marketplace factor became high-quality and great at the one percentage level. Thus, the consequences guide the hypothesis that the inflation sensitivity of a safety turned into negatively associated with its stock market return sensitivity and definitely associated with its bond go back sensitivity. Concluded that the inflation sensitivity of a security is definitely (negatively) related to its sensitivity to the arena bond index (global stock index).
2. **Martin Feldstein (1983)** this paper well-known shows a important cause of the percentage fees to upward push for the duration of decade of tremendous inflation in the course of the length of 1967- 1976 had been studied to apprehend the structural relation between the inflation and proportion costs . An explicit portfolio model ought to derive asset call for equations from anticipated utility maximization and will understand the indirect ways for the individual to keep assets in a tax favor manner.
3. **Chen et. Al. (1986)** the take a look at checks whether or not improvements in macroeconomic variables are risks which might be rewarded inside the inventory market. Financial idea indicates that the subsequent macroeconomic variables must systematically have an effect on inventory marketplace returns: the unfold between long and brief interest charges, expected and unexpected inflation, business production, and the spread between excessive- and occasional-grade bonds. The evaluation reveals that those assets of risk are extensively priced. Furthermore, neither the marketplace portfolio nor aggregate consumption is priced one after the other. They additionally locate that oil fee chance isn't one by one re-warded inside the stock marketplace.
4. **Kaul (1987)** This paper explores that the relation among inventory returns and inflation is as a result of the equilibrium system inside the economic region. More importantly, those relations range over the years in a scientific way relying at the influence of money call for and supply elements. Post-struggle proof from the United States, Canada, the United Kingdom and Germany suggests that the terrible stock go back-inflation relations are because of money demand and countercyclical cash supply outcomes.
5. **Naka et. Al. (1998)** analyzed relationships among decided on macroeconomic variables and the Indian inventory marketplace. By using a vector mistakes correction version, the Analysis reveals that 3 lengthy-time period equilibrium relationships exist amongst those variables. The outcomes propose that home inflation is the maximum excessive deterrent to Indian inventory market overall performance and domestic output boom is its predominant driving pressure. After accounting for macroeconomic elements, the Indian marketplace nonetheless seems to be drawn downward by using a residual negative trend.
6. **Pethe and Karnik (2000)** the usage of Indian information for April 1992 to December 1997, tries to locate the way in which stock rate indices are laid low with and have an effect on different critical macroeconomic Volume-3, Issue-12, May-2017 ISSN No: 2349-5677 30 variables in India. The look at of route avers that within the absence of cointegration it is not valid to test for causality among a couple of variables and it does so in view of the significance attached to the relation between the country of financial system and inventory markets. The look at explores vulnerable causality inflicting from IIP to proportion rate index (Sensex and Nifty) but no longer the alternative manner from Share price Index to IIP.
7. **Bhattacharya and Mukherjee (2002)** investigated the character of the causal courting among BSE Sensitive Index and the 5 macroeconomic aggregates in India (i.e., IIP, cash supply, countrywide income, interest charge and inflation rate) the usage of monthly information for the duration 1992- ninety three to 2000. By making use of the strategies of unit-root tests, co-integration and the long-run Granger non-causality test these days proposed with the aid of Toda and Yamamoto (1995), their primary findings advised that there was no causal linkage between stock charges and cash supply, national income and interest charge whilst IIP lead the stock price, and there was - manner causation among stock price and inflation fee.
8. **Chinzara (2011)** Found that inflation truly plays a function in affecting the stock market volatility. In his study on macroeconomic uncertainty and stock marketplace volatility, he determined that the

volatility of inventory rate movements is substantially inspired via macroeconomic uncertainty.

9. **Olweny and Omondi (2011)** concluded that macroeconomic factors such as foreign exchange fees, hobby fee and inflation charge affected the stock volatility returns on the Nairobi Stock Exchange. There is want to identify factors which have a big impact on the inventory market return because the NSE is a key participant in driving up financial boom of Kenya.
10. **Fama and Schwert (1977)** found a poor relationship between the performance of the inventory market and inflation. Some widespread research from Pearce and Roley (1985) and Hardouvelis (1988) showed no significant correlation among the inventory returns and inflation and this proves that there is want for further exploration into the topic. To are looking for clarity on the relationship between inflation and inventory rate moves, further studies have to be achieved to analyze the behavior of the two variables. Since the Nairobi Stock Exchange has been gaining gradually over the past few years, extra is anticipated in phrases of studies to further find how inflation as a macroeconomic variable affects stock market returns. This observe intends to cope with the query: what's the impact of inflation on inventory marketplace returns inside the NSE?

## VI. RESEARCH GAP

The quick evaluate of the chosen literature on the arena of the prevailing evaluation indicates no consensus on the effect of macroeconomic variables like inflation, interest rates, GDP on inventory marketplace. It can be observed from the overview of literature that findings of various researches vary. Different findings in distinct research might be due to specific methodologies carried out, exclusive set of variables used for the take a look at and exceptional time intervals taken into consideration for the look at and so forth. Hence, the connection among fundamental macroeconomic variables and inventory marketplace actions needs sparkling enquiry

### Research Problem

Different researchers round the arena have come to a consensus that inflation has an influence on the inventory marketplace. In the long term evaluation of the inventory marketplace variables, it has been located that inflation is a first-rate hassle that cannot be noted. In periods of inflation, growth in the purchaser price index due to increased interest rates ends in dwindling proportion price. High inflation creates a excessive level of stock marketplace volatility which could potentially destabilize the economy and make it inefficient. Kenyan policy makers ought to in the end attempt to make rules that lessen marketplace volatility to make the inventory exchange marketplace extra green

## Objectives of the Study

1. To measure the Effect of Inflation on Nifty Index
2. To find the strength of the relation between NIFTY Index with respect to inflation

## Hypothesis

**Inflation has no statistically significant effect on NIFTY movement**

## Secondary Data

Secondary data has been collected from various journals, magazines and government websites like Planning Commission, now NITI Aayoug, Economic Survey, India statistics, NSE, World Economic Survey.

## VII. LIMITATION AND FUTURE RESEARCH

The time of conducting the research and availability of resources is limited. Only NIFTY Index has been taken as the point of reference. Out of various macroeconomic variables like GDP, Stock exchange rate, Interest rates and inflation, only inflation rate has been taken into consideration. More focus can be done on the monthly or quarterly data of inflation of two or more countries in order to increase the generalizability of the research.

## Inflation and NIFTY

Year	Inflation Rate	NIFTY
2008	8.32	4744.93
2009	10.83	3521.5
2010	12.11	4866.62
2011	8.87	5636.33
2012	9.3	5204.82
2013	10.92	5594.92
2014	6.37	6110.29
2015	5.88	8166.74
2016	4.97	7943.25
2017	2.07	8620.89

### Source:

[http://www.moneycontrol.com/stocks/hist\\_index\\_result.php?indian\\_indices=9](http://www.moneycontrol.com/stocks/hist_index_result.php?indian_indices=9)

In the secondary data analysis the regression analysis was done by taking the factor Inflation as the independent variable and nifty index as the dependent variable.

### The hypothesis generated:

$H_0$ : Inflation has no statistically significant effect on NIFTY movement.

$H_a$ : Inflation has statistically significant effect on NIFTY movement.

**Table 1a: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.868 <sup>a</sup>	.753	.722	883.04261

a. Predictors: (Constant), average inflation

**Table 1b: ANOVA<sup>b</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.903E7	1	1.903E7	24.403	.001 <sup>a</sup>
Residual	6238114.070	8	779764.259		
Total	2.527E7	9			

- a. Predictors: (Constant), average inflation
- b. Dependent Variable: nifty

**Table 1c: Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	9755.767	802.153		12.162	.000
Average inflation	-466.441	94.422	-.868	-4.940	.001

a. Dependent Variable: nifty

The above table takes average inflation as the independent variable and NIFTY index as the dependent variable, assuming to be a linear relationship, the equation formed is

$$Y = a \pm bX + e$$

$$\text{NIFTY} = 9755.77 - .868 (\text{average inflation}) + 94.422$$

The p value of .001 < .05 (Alpha Value) rejects the Null hypothesis and the Alternate hypothesis is not rejected.

Hence, Inflation has an effect on NIFTY and with one unit change in inflation results in the backward push of NIFTY by .868 points.

		Average inflation	nifty
Average inflation	Pearson Correlation	1	-.868**
	Sig. (2-tailed)		.001
	N	10	10
nifty	Pearson Correlation	-.868**	1
	Sig. (2-tailed)	.001	
	N	10	10

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

### VIII. FINDINGS AND CONCLUSION

It is proven that Inflation has an effect on NIFTY and with one unit change in Inflation, results in the backward push of NIFTY by .868 points. There is a negative correlation between Inflation and NIFTY Index and the degree of correlation is very high.

### IX. CONCLUSION

The above discussion leads to promising conclusion that beyond basic supply and demand factors, macroeconomic factors can also affect stock market. Investors always try to find out the relationship between macroeconomic indicators and stock market movement as it helps them to forecast how financial market changes if macroeconomic variables fluctuate on any particular direction. Moreover, it also leads to a conclusion that if these individuals can be classified into types according to their specific personality attributes, then it might become possible to identify the best investment services that can be provided with regard to that particular type according to their unique requirements.

Thus, the study will help in understanding the investors and the students of finance too. It can also form the

platform of further deeper analysis of wealth maximization principle.

### X. RECOMMENDATIONS

In the stock market an investor should take macro economic factors like inflation into consideration as inflation shows a positive relation with stock returns as equities serve as a hedge against inflation. Factors that can influence market proceedings in future are quarter earnings of various sectors, any political happening in the country, retail inflation numbers in the coming months and also global macroeconomic environment. These all factors must be taken care of by the stock market experts as it helps in finding out the long term trend of the stocks and the economy of the country.

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# National Rural Livelihood Mission: A Giant Leap towards Rural Development

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**ABSTRACT** - The central and state governments of India are implementing various development schemes for the welfare of the weaker section of the society. The self employment programme of IRDP, Training of Rural Youth for Self Employment (TRYSEM), development of women and children in rural area (DWCRA), Ganga Kalyan Yojna (GKY), Millions Well Schemes (MWS) were all merged into a single self employment programme called Swarnajayanti Gram Swarozgar Yojna (SGSY) and SGSY were restructured as National Rural Livelihood Mission (NRLM) to provide greater focus for poverty reduction and rural development.

This paper focuses on NRLM structure and its role on poverty alleviation and employment generation through nurturing and supporting Self Help Group Bank Linkage Programme. Secondary data is collected from various journals, handbook of NRLM, NABARD website and other government websites. This paper also reveals progress of this mission with respect of increase in number of SHG bank linked and loan disbursed to self help groups.

**Keywords** – NABARD, Rural Development, MWS, NRLM.

## I. INTRODUCTION

India is a developing country, and achieving new steps towards a developed country. Recently it became a forth country in the world to successful test of MISSION SHAKTI. It's a long journey and has to overcome constraints, and climb steps to become developed. Poverty, vulnerability, disparities, illiteracy, unemployment, lack of skilled people, rapidly growing population, many people lives and die without having basic needs fulfilled are some constraints for sustainable development.

The Government of India, state and central, has implemented several policies and programs such as Nationalization of Banks, lead bank schemes, Regional Rural Banks, Service area approach, integrated rural development program, Training of rural youth for self employment, development of Women and children in rural area, Ganga kalyan yojna, millions well schemes, Swarnjayanti Gram Swarozgar yojna, as well as financing of SHGs for promoting the access of the rural poor to institutional finance, and make them employed to cross below the poverty line. SGSY was a subsidized program and had pitfall, and wasn't complete its goal, to overcome with the shortcomings of SGSY; it is being restructured as National Rural Livelihood Mission.

NRLM, is a mission to eradicate poverty and vulnerability all across the India in a time bound manner, and to cover all household (at least one member from each family specifically women) under the self help groups.

Self help groups are group of 10 to 15 women come together to meet their financial need, who are homogeneous, may belong to same category, of same place. They meet on a regular basis and do financial activities saving; and give credit to required member of SHG. In this group they share their problems, social issues and all together try to sort out problems of others.

Formation of groups takes 2-4 weeks in new areas and after formation its sustainability is much more important, that members should be active, repayment of loans should be on time, n on member will become defaulter in the groups etc. Some major financial organizations are doing so well in micro financing field but their coverage is again limited, they are expanding at their own pace.

Self help groups are promoted by various government and non government agencies, but scope is so vast that the advantages of being a member of SHG isn't reached to the really needed last mile outreach vulnerable poor people. As well as NGOs are also have their own limitations with respect of cost, sustainability, staff and funding linkages and fund amounts to spread its network.

### Objective of the study:

- To study the structure of NRLM and its role in development of rural area.

## II. RESEARCH METHODOLOGY

This paper is descriptive in nature. Secondary data is collected through RBI circulars, various journals, NRLM handbooks and official websites.

NRLM is well organized and well managed program launched by Ministry of Rural Development, in all over the India except Delhi and Chandigarh to serve poor people. To attain the mission's objective, i.e., to reduce poverty of poor by enabling them to access self-employment and skilled wages employment opportunities through sustainable livelihood activities, by building strong grass root level institutions; its well trained staff is working at different levels of hierarchy, the structure is present at following levels:

At National Level: NRLM:

National Rural Livelihood Mission

At State Level: SRLM

State Mission Management Unit

At District Level:

District Mission Management Unit

At Block Level/ Cluster Level:

Block Mission Management Unit

At Community Level

Village Organizations, CLF

At each level personnel have their own roles and responsibilities to achieve the final vision of the mission. Upper level management guide, support, review implement and monitor the policies in the hierarchy.

NRLM role in Rural Development:

Govt. Policies and programs, non government organizations, micro finance institutions, Non Banking Financial Services, commercial banks, Regional rural banks, Small Finance banks, DCCBs all the stakeholders, federations are working together to alleviate poverty by financial inclusion. NRLM is playing a vital role for rural development and women empowerment.

Support in SHG formation: At the ground level NRLM supports in SHGs formation, proper brain storming, concept clearance, selection of members through PIP, motivating them for saving and credit activities in regular meetings on monthly or weekly basis, as decided by group members, giving awareness of group PANCH Sutras, hand holding support is provided to nurture the SHGs at village level and federations at higher level.

Financial support to SHG: As NRLM is working at different levels, it has proper hierarchy for financial support to SHGs, and finance is rooted through proper channels to final end user. NRLM supports through RF (revolving fund) at initial level to strengthen SHG and finance management capacity, to meet credit needs in long run and consumption needs in short run; and build a good credit history within the SHG. Community Investment Funds (CIF) is used by federations to advance loan to SHG or to undertake socio-economic activities. Fund is provided to those SHGs which follow the norms, the PANCH Sutras,

i.e., regular meetings, regular savings, regular internal lending and repayment, maintenance of books of accounts.

Grading of SHGs and support in bank linkage: Grading enables external and other institutions to understand the quality of SHGs. A SHG is graded at different time intervals to receive RF, CIF, at the time of bank credit linkage by the Village organizations on the basis of Panch Sutras and micro credit plans. NRLM personnel support group to link with bank by the way of opening account and after that credit linkage assistance, to meet their financial needs and help them to maintain a healthy record of repayments,

Role in community development, training and capacity building: training to members starts from group formation, and is a continuous process. It ensures that members are provided with essential skills for managing their institutions, book keeping, and linkage with market, managing their existing livelihood, guidance for new income generating livelihood opportunities and training for the same, enhancing their credit worthiness, focuses on engaging community resource person to capacity building of SHGs and their federations.

NRLM do liaisoning with upward and downward linkages to support rural poor to make them self employed and to market their products; it links with banks, training institutions, govt. institutions, formal sector to make them employable, for this NRLM is bridging the skill gap and entry level barriers for the rural poor.

NRLM works on both demand and supply sides of financial inclusion, financial literacy among the poor and fund support on demand side and on supply side it coordinates with financial sector to deliver credit and other related services to self help groups and federations.

For developing rural people it is not only working on financial aspects but also spreading awareness on social, political and environmental issues. Chanting, working and following panch sutra is mandatory at the time of groups meeting, these sutras also includes environment protection, active participation in government schemes, PRI participation, discussion on educational issues, health, hygiene, sanitation, nutrition etc.

### III. PROGRESS OF NRLM

National Bank for Agriculture and Rural Development introduced self help group – bank linkages program in 1992 and acted as a catalyst for the development of SHGs. According to the latest report of NABARD, SHG-BLP is the largest micro finance program in the world, reached to 11 crores households through more than 87 lakh SHGs with 19592.12 crore saving linked with banks, out of which 41.84 lakhs no of SHGs with 10434 crore of amount saving linked with banks under the National Rural Livelihood Mission/ Swarnajayanti Gram Swarozgar Yojna.

NRLM accounted for 41.84 lakh SHGS in 2017-18 to be saving linked a jump of 12% during the year with a net addition of 4.4 lakh SHGs under its fold.

**Table: 1** OVERALL PROGRESS UNDER SHG BLP DURING PAST 3 YEARS:

SHGs savings with banks as on 31 March

Year	Particular	Number ( in lakh)	Amount (in crore)
2015-16	Total SHG	79.03	13691.39
	Under NRLM/SGSY	34.57	6244.97
	% to total	43.74	45.61
2016-17	Total SHG	85.77	16114.23
	Under NRLM/SGSY	37.44 (8.30%)	7552.70(20.94%)
	%	43.65	46.87
2017-18	Total SHG	87.44	19592.12
	Under NRLM/SGSY	41.84(11.76%)	10434.03(38.15%)
	%	47.85	53.26

Source: Status of Microfinance in India 2017-18 page no. 36

**Table:2** Loan disbursed to SHGS during the year

Year	Particular	Number ( in lakh)	Amount (in crore)
2015-16	Total SHG	18.32	37286.90
	Under NRLM/SGSY	8.16	16785.78
	% to total	44.54	45.02
2016-17	Total SHG	18.98	38781.16
	Under NRLM/SGSY	8.86(8.58%)	17336.26 (3.28%)
	%	46.69	44.70
2017-18	Total SHG	22.61	47185.88
	Under NRLM/SGSY	12.70(43.41%)	25055.18 (44.52%)
	%	56.20	53.10

Source: Status of Microfinance in India 2017-18 page no. 36

#### IV. CONCLUSION

In India, 12 high poverty states accounts for 85% of the rural poor in the country. NRLM is setting an example in those states, even though it is taking a lead in formation and capacity building of SHGs in rural India, there is need to

speed up the process as there are still substantial potential exists for group formation in priority states.

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# A study on the role of training and development in managing Corporate Social Responsibility

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**Abstract - Corporate Social Responsibility** which is also called corporate sustainability, sustainable business, corporate conscience is a type of self regulated private business. It is described as an internal organizational policy or corporate ethic strategy. Since various national and international laws have been developed it is needed for various organization to train the people who are responsible for the management of corporate social responsibility. This responsibility has moved beyond individual or industry level and it is tried at it's best to be successful in managing it and if needed training and development programmes are also provided for the same. In this paper it is tried to explore the various responsibilities of corporate sector, how to manage it and the role of training and development necessary in this regard.

**Key words:** Corporate social responsibility, sustainability, management, Training and development

## I. INTRODUCTION

Business organizations are really noaw a days trying to understand the need for being committed towards Corporate Social Responsibility but still majority have just been taking up some form of philanthropic activities for its stakeholders. Nurturing a strong corporate culture which emphasizes Corporate Social Responsibility.(CSR) values and competencies is required to achieve the synergistic benefits. The employees of an organization occupy a central place in developing such a culture which underlines CSR values and competencies. The present study is an attempt to explore the engagement of training and development of human resource management professionals in undertaking Corporate Social Responsibility. It also suggests Human Resource Management to take a leading role in encouraging CSR activities at all levels. The combined impact of CSR and human resource activities, which reinforces desirable behavior can make a major contribution in creating long term success in organizations.

Business houses, right from the inception of human race, have been regarded as constructive partners in the communities in which they operate and flourish. Though they have been instrumental in creating employment, wealth, products and services, yet the pressure on business to play a role in social issues involving government, employees, society, environment, stakeholders, etc. is continuously increasing. Over the years this concept of Corporate Social Responsibility (CSR) has gained unprecedented momentum in business and public debate and has become a strategic issue crossing the departmental boundaries and affecting the way in which a company does business. It has become so important that

many organizations have rebranded their core values and ethics to include social responsibility. The society is questioning the existence of business houses, especially in the wake of the scandals and scams conducted by the business houses like UTI, Enron, and WorldCom. In response to it, the organizations around the globe are forced to wake up to the need for being committed towards Corporate Social Responsibility. Business practices of big and successful companies, with plenty of resources at their end, have set the trend for being committed to sustainable practices. Such business houses around the globe show their commitment to social responsibility. Almost all corporate websites/ policies/reports talk about their endeavors for CSR which has become a way of ensuring that the organization is fulfilling all the obligations towards society and thus is eligible for the license to operate. It assures that the organization can grow only if it choose a way on sustainable basis. These activities of CSR ranging from small donations to bigger projects for social welfare sustainable practices differ from organization to organization depending on the resources available to an organization for undertaking sustainable practices. In India, the initiatives of Dabur India Limited, for example, which commenced 'Sundesh' in 1993, a non-profit organization, with an aim to promote research and welfare activities in rural areas are appreciable. On the same track to fulfill its urge to do something for community, Bharat Petroleum Corporation Limited has adopted 37 villages as their responsibility to develop in all walks of life. It has made efforts to make them self-reliant, provided them sanitation, fresh drinking water, facilities, medical facilities, literacy camps and vocational training. (<http://www.karmayog.org/csr500companies>). Around its industrial facilities, Although the implementation of

such activities involves time, effort and resources yet the business houses have realized that Corporate Social Responsibilities is one of the important ways in which an organization can distinguish itself from its competitors. The tangible and intangible benefits associated with for organization are immense. Tata Group has created towns and cities like Mithapur, Babrala, Jamshedpur for the benefit of its employees. Glaxo, Cadbury India, and Richardson Hindustan are some of the companies which are helping farmers to grow crops which in turn shall serve as raw materials for them (Tripathi & Reddy, 2006). A powerful tool like Corporate Social Responsibility not only enhances the brand image and reputation of the business but also leads to improvement in sales and customer loyalty, and increased ability to attract and retain employees. By capitalizing on it, the organizations can improve their financial performance and attract more investment with immense economic value. Employees have been rarely covered under the ambit of CSR. To ensure organization-wide commitment, non-management workforce has to be involved in the process. This involvement of employees speaks of the strategic contribution of Human Resource Management (HRM) in CSR. In this context, the responsibility of human resource management department for encouraging sustainable practices that offer practically and theoretically new opportunities is very much. So the present composition is an attempt to find out that how the staff can become the brand ambassadors of the organizations and that "feel good factor" can permeate out to others, especially customers and clients. The word CSR has, as a result, occupied very important place in the plans and strategies of the organizations in the present era. But still there are numerous organizations which understand CSR as undertaking some donations or philanthropic activities. Rather in its true sense CSR constitutes a strong commitment to social obligations and internalization throughout the organizational culture which lays emphasis on the execution of the obligations towards the employees and involving them in responsible endeavors. However from the very beginning the key player in undertaking such activities in the organizations has been top management and it has been the driving force in the area of social responsibility. To commensurate that it will try to suggest a plan of action by analyzing the CSR activities of various organizations to promote sound corporate citizenship which is necessary for the development of a culture for social responsibility.

## II. LITERATURE REVIEW

Different researchers at different points of time have emphasized the critical importance of HR for the proper implementation of CSR and the role that HR can play in developing the process where the business objectives are assessed and values re-aligned to match them with staff expectations. A New Jersey based public relations and

recruitment ad agency; in 2002 found that the most important factors affecting the reputation of an organization as a place to work in are the way the employees are treated and the quality of its products and services

([http://www.hrsguide.net/usa/commitment/employer\\_branding](http://www.hrsguide.net/usa/commitment/employer_branding)). Greening & Turban (2000) found that job applicant and employee perceptions of a firm's CSR determines their attractiveness towards the organizations. Moving on the same track Cropanzano et al (2001) demonstrates that employee attitudes and behaviors are heavily influenced by fairness of organizational actions towards them. In a survey conducted by Cherenson group, Further Good relationships with employees also allows a company to gain additional benefits including improving their public image, increasing employee morale, and support from the community while discussing the role of HR in developing CSR culture in organizations emphasized that with the growing importance of human capital as a success factor for today's organizations, the role of HR leadership has become more critical in leading and educating organizations on the value of CSR and how best to strategically implement CSR policies and programmes domestically and abroad. Rupp et.al (2006) accentuated that CSR plays a role about fostering positive social relationships between organizations and communities. They highlighted that employees will turn to CSR to assess the extent to which their organization values such relationships and so high levels of CSR can meet employees' need for belongingness with the organization and the society. In view of this HR must be aware that effective CSR means respect for cultural and developmental differences and sensitivity to imposing values, ideas and beliefs when establishing global HR policies and programmes. Redington (2005) with the help of twelve case studies, while underlining the HR professionals' key role in managing the changes required for CSR activities to succeed, stated that employees are the most neglected though most important stakeholder of the organization for conducting CSR activities. While accentuating on this issue he said that having a good reputation socially implies that a company's behaviour towards its people is consistent and is of a particular standard in which they are valued in as much as the external stakeholders. A survey by Sirota Survey Intelligence (2007) affirmed that employees who are satisfied with their organization's commitment to social and environmental responsibilities are likely to be more positive, more engaged and more productive than those working for less responsible employers and when employees are positive about their organizations' CSR commitment, their engagement rises to 86 per cent. On the other hand, when employees are negative about their employer's CSR activities, only 37 per cent are highly engaged. Similarly, Murray (2008) on the basis of survey stated that more than one-third of respondents pointed that

working for a caring and responsible employer was more important than the salary they earned and nearly half would turn away from an employer that lacked good corporate social responsibility policies. However Fenwick & Bierema (2008) has pointed that HR department, which has the potential to play a significant role in developing CSR activities within the organization, found to be marginally involved or interested in CSR. Mehta (2003), in a survey, found that only 13 per cent of the companies involved their employees in undertaking the various CSR activities. Moreover, the employees have also been less likely to fully internalize the corporate culture (Rupp, et. al, 2006). There are large variations in the understanding of CSR in the head office and the local plant or sales office of an organization (Young, 2006). The implementation of the CSR policy has also traditionally been in the hands of 'management' and 'employees' as the non-management workforce have been less likely to be involved in developing and implementing a policy on business responsibility towards society. The perceptions of workers and management also differ about whether an organization is complying with such regulations as related to labour or working conditions (Mehta, 2003). Agarwal (2007) stated that with the adoption of HR policies, such as, periodic review of employee performance, adequate training for the workforce and career advancement norms for its personnel, creating motivation, and commitment in the workforce the organization can reap the full business benefits and become successful to the great satisfaction of all its stakeholders. This is also reinforced by Malakarjunan (2006). Emphasizing upon such dimensions Krishnan & Balachandran (2004) pointed out the role of HRM in incorporating responsible practices within an organization. It is due to the lack of involvement of employees and failure to embed the socially responsible

values into the organizational culture that many CSR initiatives inevitably fail and they just become an exercise in public relations. The above verdicts of different researchers at different points of time entail that no doubt they have underscored the role of employee involvement through HR in various socially responsible initiatives of organization. But they have paid little attention on this aspect that how the internalization of CSR culture can happen with the initiatives of HR department of organization. How the company's values and policies for corporate responsibility can be reflected through various HR functions and consequently how the HR function can be a powerful agent in effecting company-wide progress in its CSR performance. With this backdrop in mind present study has been designed.

### III. INTERNALIZING CSR: INITIATIVES OF HRM

The role of HR function in embedding the CSR values in the corporate culture is immense and has been underlined also. An organization can exhibit a better image in the minds of people by presenting itself as an excellent employer which cares for its people and involves them in the ambit of social responsibility. With the help of HR functions, the socially responsible values can be inculcated and sustained in the organizational culture through the following ways: The HR department should take the responsibility to develop a formal policy on sustainable practices involving employees. British gas, for example, used employee volunteering as a vehicle to achieve business-driven culture. This involvement of employees indicates the strategic importance of HRM in the CSR initiatives of an organization. Human Resource policies, forming the framework for the culture in the business management, create awareness towards the need to achieve the business goals in the best possible and ethical manner (Agrawal, 2007). The success of the initiative led to the development of a formal policy on employee volunteering. The company developed the 'Cardiff Cares' volunteering initiative with the purpose of encouraging employees to raise funds and donate some of their time to the local community (Redington, 2005). The managing director and the HR team's strong commitment enabled the initiative to be a big success improving the employee retention levels and employee satisfaction. Employee fundraising was a way to show support for the local community, to build positive team spirit in the organization and to create a 'winning' environment at the workplace. The orientation programme of newly recruited candidates should be designed in a manner that corporate philosophy about CSR gets highlighted. The commitment of top management towards CSR is very important which should be expressed in tangible terms to reinforce the right kind of behavior in the organization. Wipro, for example, inculcates CSR values amongst its workforce right at the beginning during the induction process (<http://www.developednation.org/interviews>). Corporate presentations, keeping employees updated through mails, regular newsletters are the instruments used to keep employees energized about the organization's socially responsible initiatives.

### IV. CONCLUSION

There is an increasing trend in the corporate sector which has started leveraging upon employees and their management for exhibiting their commitment towards CSR. Armed with a strong and committed organizational culture reinforced by responsible Human Resource Management practices, the organizations can achieve heights of success by improved profitability, employee morale, customer satisfaction, legal compliance and

societal approval for its existence. To recapitulate it can be said that companies have increasingly felt the need to co-ordinate their CSR activities and demonstrate their commitment to social responsibility. But delivery, not rhetoric, is the key in developing the trust of external stakeholders for any organisation and it cannot be done without beginning charity at home. It is high time for all other organizations which have been paying only lip service to CSR that they must capitalize upon the existing Human Resource department in framing such practices, procedures and policies that ensure the internalization of quality, ethics and excellence in the whole system. By doing this they can sensitize the employees and the whole organization towards CSR without adding any additional cost.

Successful programmes on social responsibility rely heavily on enlightened people management practices. In this context HR department is assumed to be the coordinator of CSR activities in getting the employment relationship right which is a precondition for establishing effective relationships with external stakeholders and thus can orient the employees and the organization towards a socially responsible character. To do that social responsibility needs to be embedded in an organisation's culture to bring change in actions and attitudes in which Human Resource can play a significant role. Otherwise, CSR may run the risk of being categorised as shallow 'window-dressing'.

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# A Study on Knowledge Management as a Strategic Tool of Business

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**Abstract -** There is an old saying that Knowledge is just like light it helps you to find out your path in dark. In the same manner in present business context Knowledge is just like power, it helps the organizations to find out a consistent way of succeed in long run. Due to its importance as a platform of competitive success it gained so much of attention by many authors, writers and business experts from different fields that it becomes an attractive area of research in recent years. In many of the top organizations Knowledge management is being in practice and much has been done for the effective implementation of KM to get benefited out of it for their sustainable development. . Present era is an era of cut throat competition and survival becomes a big challenge for everyone now here Knowledge management plays a significant role for the sustainable growth of an organization. This research paper will throw a light upon different concepts of Knowledge management as a strategic tool for business and tries to draw some conclusion regarding relevance of KM in continuous improvement in product life cycle in the organizations based on secondary data.

**Keywords:** Knowledge Management, Knowledge sharing, sustainable growth.

## I. INTRODUCTION

Today's knowledge era is a discontinuous and rapid change. Uncertainty is a way of life. Success in this era is determined by the ability of the organization to assimilate this knowledge into a system which could be used by other members of the organization to arrive at creative solutions. This calls for sharing of knowledge by each member. The character of Knowledge is not static but its dynamic in nature and only valued when it is used. The organizations are seeing it as their strategic tool of business. Hence it must be managed and utilized by the organizations in a best manner. Hence you are not required to reinvent the wheel again and again it could be positively related to team performance, speedy accomplishment of product development projects and firms performance including sales growth etc. In such a competitive world where growth is critical to survive here Knowledge Management practices plays came into picture and plays a vital role as for the success and survival in long run. In recent times organizations have invested a huge amount of money and considerable time in Knowledge Management by realizing its potential benefits in long run. KM by itself cannot survive in a vacuum. It involves people and communication, employee favoring policies, updated technologies, and above a a change in culture of an organization, without which the organization's transformation into a knowledge driven company cannot be achieved. The key issue is not about the latest information technologies, but whether these technologies are used within, and for facilitating, a culture of information sharing, relationship building and trust. There

has been a growing realization that investments in information technology haven't paid off in performance. The key to success is not (just) the system but what people make of it. The key issue is not about the latest information technologies, but whether these technologies are used within, and for facilitating, a culture of information sharing, relationship building and trust. There has been a growing realization that investments in information technology haven't paid off in performance. The key to success is not (just) the system but what people make of it.

### **Purpose of the study:**

Knowledge Management is considered as a strong tool by using historical data for reducing cost in new projects on products and services at the same time positively related to innovation capabilities in the organizations. In the 21<sup>st</sup> century due to technological advancement everything becomes so digital even though the employee itself, organizations are having smart enough IT infrastructure for Knowledge Management system. But researches have shown that only IT facility is not going to work for incorporating Knowledge management practices . Knowledge Management is not a one shot deal but it is an ongoing process. Many of the organizations have recognized Knowledge Management as their important tool for strategic decision but still there are missing links in the companies which creates difficulties in the effective implementation of KM within the organization. This paper contributes to our understanding of Knowledge Management in several ways and is a humble effort to

study challenges faced by the organizations for the implementation of KM.

## II. REVIEW OF LITERATURE

Today, the key global pressure on management practices is knowledge identification, creation, innovation, dissemination, and development of talent. The ground rules of economic competition have shifted in important ways in recent years because of the impetus of globalization, proliferation of information technology, the availability of information and the changing nature of organizational forms. Today's economy is dubbed as knowledge based or knowledge economy, where participants sell knowledge, focused on research, innovation and other forms of knowledge creation (Islam, 2006). In an economy where the only certainty is uncertainty, the one sure source of lasting competitive advantage is improved knowledge management (Nonaka, 1994).

Researchers from different disciplines have given different categories of knowledge. Academic literature presents two perspectives of knowledge, the cognitive and the constructionist point of view. Another categorization is the Ontological dimension i.e., Individual and collective knowledge; and Epistemological Dimension i.e., explicit and tacit knowledge.

Standards Australia (2003) defines knowledge managements as, "The design, review and implementation of both social and technological processes to improve the application of knowledge, in the collective interest of stake holders". Nonaka (2007) prefers to call knowledge management as Knowledge-Based Management, connecting people to people and people to information to create competitive advantage. Knowledge management is a human resource management exercise than a technology based discipline. It is not merely state of the art technology used to improve efficiency of the knowledge. Rather it is an exercise about how people can be motivated, best utilize their knowledge, experiences and enhance the creativity by using state of the art technology.

## III. RESEARCH METHODOLOGY

In this research, this section focuses on the data collection for research; it is based on secondary data which have been collected through website, magazines, Journals, reference books on Knowledge Management etc.

### Meaning:

KM is a systematic and integrated coordination of organization-wide activities of acquiring, creating, storing, sharing, dissemination, developing and deploying knowledge by individuals and groups in pursuit of organizational goals."

### Definitions:

A Community College's Definition:

"A discipline and framework designed to help our organization acquire, package and share "what we know" to enable decision-making, creativity, innovation and communication." **Cuyahoga Community College**

"It is the systematic, explicit and deliberate building, renewal and application of knowledge to maximize an enterprise's knowledge-related effectiveness and returns from the knowledge assets."

### Karl Wiig- A management consultant and practitioner

"KM is the management of knowledge through systematic sharing that can enable one to build on earlier experience and obviate the need for costly reworking of learning by making the same repetitive mistakes."

### World Bank (2001)

"KM is a process that emphasizes generating, capturing and sharing information know-how and integrating these into business practices and decision making for greater organizational benefit."

### Maggie Haines, NHS Acting Director of Knowledge Management

### Types:

There are two kinds of knowledge. One is Explicit Knowledge and another is implicit Knowledge.

Explicit Knowledge: Explicit Knowledge can easily be written down and codified. It can be expressed in words and numbers and shared in the form of data, scientific formulae, product specifications, manuals, universal principles and so forth.

Implicit knowledge or tacit knowledge: Tacit knowledge is highly personal and hard to formulize, making it difficult to communicate and share with others. Tacit knowledge is deeply rooted in an individual's action and experience.

### KM as a strategic tool for business:

Knowledge is is respected as the most important resource of production now a days by organizations. The firms are being cautious about their future survival. In recent years many researchers found that Knowledge and capability to exploit it are the major sources to get edge over the competitors. In the fast changing world if one who really want to cop up with these situation that is change related to market, products , technologies regulations etc. must enable Knowledge management as their strategic part of business and helpful for their sustainability. Today firms are continuously working on finding a way to manage knowledge effectively and efficiently. Many organizations are investing huge amount of money to upgrade their IT infrastructure to gain maximum utilization of Knowledge

management as a strategic tool for business. Any KM strategy must aim to enhance the business performance, adds more new projects promotes innovation by leveraging internal and external expertise and assets, supporting exchange of knowledge among individual and groups, supporting knowledge reuse through capturing and sharing knowledge assets and transferring knowledge into knowledge assets back to people. It simply makes sense that when organizations have proper Knowledge management strategies which is regarding their technical know-how, products, processes, customers, it saves time reduces the cost of the projects and promotes innovation within the organization must be looked as the most important strategic tool for business.

As a strategic tool KM should lead to the following business benefits:

- Overall improved business performance
- Improved working conditions and increase on employee's satisfaction.
- Improvement on customer satisfaction
- Reduction of product innovation cycle-time.
- Reduction of time and efforts for solving product/process problems.
- Improvement of process efficiency and reduction of wastes.

#### IV. CONCLUSION

In today's fast-paced society, an entity's knowledge base is quickly becoming its only sustainable competitive advantage. As such these resources must be protected, cultivated and shared among entity members. There has been a critical need felt to understand Knowledge Management program and adopt the KM culture. It is possible by bringing together management, executives, departmental heads and IT experts at the same time it demands a multidisciplinary background and human relations skill of a very high order. An attitude of strong commitment of the top management adds advantage in developing Knowledge management as regular practice in day to day work.

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