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CONTENTS

SHOBHIT UNIVERSITY, MEERUT

Shobhit University, notified by the Government of India as a Deemed to be University, under Section 3 of the University Grants Commission Act, 1956, was envisaged and inspired by Babu Vijendra Kumar *ji*, an eminent agriculturist and social worker from Gangoh (Saharanpur) of U.P. Shobhit University is a NAAC-accredited research-intensive University that shares the values of high-quality teaching within an environment of internationally competitive research. The University seeks to go beyond the established standards to nurture technocrats and prospective managers that have a global vision and insight in their chosen field.

SCHOOL OF BUSINESS STUDIES

School of Business Studies (SBS) is an integral part of Shobhit University, Meerut. It has inherited the academic legacy of the NICE Management College (established in 1995), and together with autonomy in curriculum-designing and flexibility for foreign collaborations, through academic exchange, and credit-transfer mechanism, and increased institution-industry interface. The SBS offers MBA programme with several specialisations, including marketing, finance, human resource management, production and operations management, and insurance and risk management. It also offers M.Phil. and Ph.D. programmes in management.

NICE JOURNAL OF BUSINESS

NICE Journal of Business is a half-yearly journal, earlier published by NICE Management College, Meerut, and now brought out by the School of Business Studies, Shobhit University, Meerut. It provides a platform to research scholars, practising managers, and academicians in business management, commerce, economics, and allied fields, to present their research findings and share their views and experiences.

The Journal aims at disseminating research output and providing information about recent developments in the relevant fields, by way of research articles, book reviews, Ph.D. thesis abstracts, case studies, and bibliographies, on topics related to business and allied areas. It is listed in Cabell's Management Directory (USA), and is included in EBSCO's Database, and Ulrich's Directory of Periodicals.

Original contributions received for publication in the Journal are subjected to a blind review, by experts in the relevant fields.

From the Editor's Desk

I feel privileged in placing before the readers the new issue (Volume 11, Numbers 1& 2: January-December 2016) of *NICE Journal of Business*. The response from the contributors and the readers to the earlier issues of the journal has been overwhelming.

With each issue of the journal, we bring to you the latest and authoritative insights into the fascinating world of business. The issue contains a panorama of research papers on topics of current interest in business.

In this issue, we have put together two perspectives and eight research papers, reflecting diverse interests in the field of business. The research papers pertain to the major areas of marketing, banking and finance, organisation behaviour, human resource management, entrepreneurship, information and communication technology and higher education. The two perspectives pertain to the new Tax system in the garb of the Goods and Service Tax and public governance

After a prolonged debate inside and outside Parliament, the Goods and Services Tax (GST) has become a reality. However, the transitional problems asoociated with the implementation of the new tax system cannot be ruled out. Prof. S.K.Singh analyses the current scenario and status of the GST and foresees the challenges likely to be faced by this revolutionary tax system proposed to be incremented in India., w.e.f. April 1, 2017.

Prof. Pikay Richardson observes that an improved quality of life derives from the economic growth, which, in turn, derives from the good governance and effective leadership. He argues a line of causation that starts with effective leadership, which is the bedrock of a good governance regime, which leads to economic progress and eventually to a better quality of life. Governance in a country can be broken into public and corporate governance. Here, he highlights the role of public governance in the national development and improving the quality of life.

Children's attitude towards TV ads not only determine their purchase behaviour but also other behavioural influences that ads have on them. Dr. Amardeep Kaur Ahluwalia and Prof. Raghbir Singh identify gender-wise factors affecting children's attitude towards TV ads. The factor structure and the relative importance assigned by boys and girls to various dimensions of TV ads are found to be different.

Prof. Hardeep Chahal and Ms. Rupa Mahajan examine the role of Organisational Citizenship Behaviour (OCB) and Service-dominant Logic (SDL) competencies in value-creation in higher-education institutions. With a sample of 55 officers of the University of Jammu and the Guru Nanak Dev University, Amritsar, they discover that the SDB contributes more to value- creation than the OCB.

Ms. Sugandha Verma and Dr. T.S. Tomar examine the influence of personal characteristics on the work-life balance (WLB) of women employees in the banking sector by using simple linear regression model. They observe the significant influence and predictability of the personal characteristics on the WLB of women employees.

Based on a sample of women entrepreneurship from small and medium enterprises in Ahmedabad city, the study conducted by Dr. Gurjeet Kaur and Ms. Stanzin Mantok reveals the relevance of financial capital and experience play an important role in promoting women entrepreneurship, which has a positive effect on women empowerment.

Prof. Shamsher Singh assesses the consumer perception of various attributes of modern retail stores in Delhi and finds how retail store attributes influence consumers' perception on major store attributes including price, variety, quality of products, in-store services, shopping convenience and ambience, and how the demographic factors affects the operation of these stores. He brings out valuable information for decision-makers of retail stores, so they can improve their marketing efforts and boost their sales.

On-line banking services have gained popularity in recent days. Prof. Shweta Anand and Dr. Deepika Saxena assess the impact of customer occupation on their awareness, and frequency of usage of on-line banking. Based on the data collected from 750 bank customers, their study reveals that the customer's occupation has a significant impact on all these aspects.

Dr. Vaishali and Prof. R C Dangwal examine the determinants of growth and performance of public-sector banks during the second phase of economic reforms in India. They make certain workable suggestions to improve the banks' performance.

Employing the panel data models, Ms. Poornima B G and Prof. Y V Reddy examine the relationship between the capital structure determinants and financial leverage in automobile companies in India. Their study reveals that profitability, growth, and tangibility significantly influence the financial leverage.

The section on book reviews contains four items, written by subject experts in the relevant fields. The books reviewed pertain to strategic management, marketing, human resource management, and human resource development.

I express my gratitude to the eminent scholars and expert book-reviewers for their precious contribution to the journal.

Several experts have made available their time and expertise for assessing the articles received for publication by making critical comments and suggestions for improving their quality. They truly deserve my sincere thanks.

I owe a special word of thanks to Dr. Shobhit Kumar, Chairman, NICE Society; and Kunwar Shekhar Vijendra, Chancellor, Shobhit University, for their keen interest in this endeavour to promote, preserve and disseminate business research.

D.P.S. Verma
Editor

MAKING GOODS AND SERVICES TAX OPERATIONAL
The Challenges Ahead

Shrawan Kumar Singh*

Abstract

More than 25 different taxes are currently levied on various goods and services by the States and the Centre in India, yielding nearly Rs.9 lakh crore per year as total indirect tax revenue. The GST would subsume all these rates into three or four tax rates to yield at least the same amount. Some people argue that multiple rates are necessary in an unequal society, like India. However, the multiplicity of rates increases the administrative complexities and the compliance cost. Rather than moving towards neutrality, the reform may increase distortions. The States might lose their fiscal autonomy. The GST Council would guarantee that the States would be compensated for any shortfall in their tax revenue for five years. This implies that the Centre will now bear all the risk of tax revenue under the GST. The Centre to proposes an extra cess on 'luxury' and 'sin' goods. There are arguments both for and against tax proposal. The proposal was considered disappointing as it would rob the GST of its efficiency-enhancing potential. It is impossible to have a flawless GST levied at single rate in India. The political considerations continue to rule.

Key words: *Goods and Services Tax , GST Council, Indirect Taxes, Autonomy of States, Fiscal Federalism*

INTRODUCTION

The Goods and Services Tax (GST) was long overdue in India. This tax reform was debated for more than a decade. There have been occasions in the past when it appeared that this tax would be ushered in. After raising high expectations, the GST Council has hit a speed breaker. It is a matter of satisfaction that this initiative has commanded broad consensus across the political spectrum. It appears to be a model of co-operative federalism in practice, with the Centre and the States coming together as partners in bringing about such a growth-and-employment-enhancing reform.

Following the President's assent to the constitutional amendment enabling the roll-out of the Goods and Services Tax (GST), India's move to introduce the new indirect tax is all set to enter a crucial stage. For the first time, they will share a common indirect tax base, with the GST Council providing the modality for enforcing the law. Whether such a sharing of tax base is harmonious and sustainable will be the true test of the success of co-operative fiscal federalism in India. The introduction of a full-fledged, broad-based GST will have significant direct as well as indirect

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impact. Due to the federal nature of the Indian polity, the GST is proposed to be implemented simultaneously by the States and the Centre from April 1, 2017.

The Concept of GST

The GST is a comprehensive indirect tax levied on manufacture, sale and consumption of goods and services at a national level, covering all sectors of the economy at each stage of the supply-chain from the supplier to the retailer. Even though the GST is imposed at each level of the supply-chain, the tax element does not become part of the cost of the product because the GST paid on the business inputs is claimable. Hence, it does not matter how many stages where a particular good and service goes through the supply-chain because the input tax incurred at the previous stage is always deductable by the successive business firms in the supply-chain. The GST will facilitate seamless credit across the entire supply-chain and across all the states under a common tax base. However, the ultimate consumer will bear this tax as he is the last link in the supply-chain.

The GST is by far the most preferred tax as it is levied on the final consumption of goods and services where it occurs according to the destination principle. Generally collected as a multi-stage tax, the GST system facilitates the 'flow-through' of the tax burden to the final consumer while maintaining neutrality within the GST system. It is an essential pre-requisite to lay down the principles for the identification of the consumer who has to ultimately bear the tax burden of the GST. These principles are necessary to ensure that the chances of double taxation and unintended non-taxation are minimised. This is the most important tax reform - a paradigm shift in the tax management in more than six decades. The GST is not merely a tax reform but a transformation of how the business is conducted in India. It requires a careful and proactive planning by the stakeholders to leverage its benefits.

Making of GST : The Process

The GST law has evolved over a period of time. A series of serious discussions took place between the Central Government and the State governments due to the multiplicity of stakeholders. An announcement was made in the Parliament through the Union Budget (2007-2008) to the effect that the GST would be introduced from April 1, 2010 and that the Empowered Committee of State Finance Ministers would work with the Central Government to prepare a road map for introduction of the GST in the country. Afterwards, the Empowered Committee presented the First Discussion Paper on November 10, 2009. A dual GST structure, with defined tax functions and responsibilities of the Centre and the States, was recommended. An appropriate mechanism that would be binding on both the Centre and the States was to be worked out.

The Problem of Constitution Amendment

The Constitution of India is not an instrument for the levy of tax or implementation of tax reforms. It is an instrument to empower the Central and the States governments to impose taxes and to provide for a broad framework for the exercise of those powers. The interests of the Union and the State governments do not necessarily coincide, nor are the interests of producing states in harmony with those of the consuming States. There is a trade-off between tax harmony and fiscal autonomy and, therefore, the ultimate GST structure to emerge would be a compromise solution. The optimism about the GST reform would be possible if the outcome of bargaining between the Union, 29 States and two Union Territories (UTs), with legislature on the one hand and among the states and UTs on the other.

Our Constitution provides for the delineation of power to levy tax between the Centre and the States. While the Centre is empowered to impose tax on services and goods up to the production stage, the States have the power to impose tax on the sale of goods. The States do not have the powers to levy any tax on the supply of services while the Centre does not have the power to levy tax on the sale of goods. Thus, the Constitution does not vest express powers either in the Central or the State Governments to levy a tax on the supply of goods and services. Moreover, the Constitution does not empower the States to impose tax on imports. Therefore, it is essential to have Constitutional amendments for empowering the Centre to levy tax on the sale of goods and the States for levy of service tax and import tax and other consequential issues.

The Constitution (115th Amendment) Bill, 2011, was introduced in the Lok Sabha in March 2011. The Bill was referred to the Parliamentary Standing Committee on Finance, for consideration. The Standing Committee submitted its report in August 2013. But the Bill lapsed with the dissolution of the 15th Lok Sabha. With a view to introducing the GST, the Union finance minister tabled the Constitution (122nd Amendment) Bill, 2014, in the Lok Sabha on December 23, 2014. The Bill got passed in the Lok Sabha, but the Rajya Sabha referred it to a 21-member panel. The Rajya Sabha Select Committee on GST rejected the three Congress objections which Mr. Chidambaram had listed, prompting the party to give dissent notes, along with a few more issues. Thus, the Bill became the hostage in the Rajya Sabha. After being subject to months of haggling and histrionics, on August 3, 2016, the GST finally had its historic day in the Rajya Sabha with the passage of the Bill to amend the Constitution, paving the way for what is popularly referred to as the concept of *'one nation, one tax'*.

Any Constitution Amendment Bill needs a ratification from at least 50 per cent of the States. On being ratified by eighteen of the country's 31 States, the long-pending GST Constitution Amendment Bill received Presidential assent on 8th September 2016 as the Constitution (101st Amendment) Act 2016. This act paved the way for the introduction of Goods and Services Tax (GST) by making special provisions with respect to the GST. The Centre will now have the right to levy tax at the retail stage and the States too will have the right to levy the service tax. As part of the exercise on the Constitutional amendment, there would be a special attention to the formulation of a mechanism for upholding the need for a harmonious structure for the GST, along with the concern for the powers of the Centre and the States in a federal structure.

As per Article 279A(1) of the amended Constitution, the GST Council has been constituted on 12th September, 2016, which has set in motion the formal process of the GST implementation. The Council has to make recommendations to the Union and the States on important issues related to the GST, like the goods and services that may be subjected to or exempted from the GST, model GST law, principles that govern the place of supply, threshold limits, GST rates, including the floor rates with bands, special rates for raising additional resources during natural calamities/disasters, and special provisions for certain States.

Salient Features of the GST

1. A three-tier levy of Central GST, State GST and an Integrated GST proposed. The first two will be levied on the same set of goods and services, which means the States would get their bit straightaway, while the third (IGST) will be collected by the Centre on inter-State transfers and will be shared with the States.

2. The IGST mechanism has been designed to ensure seamless flow of input tax credit from one State to another. The inter-State seller would pay the IGST on the sale of his goods to the Central Government after adjusting credit of the IGST, CGST and the SGST on his purchases (in that order). The exporting State shall transfer to the Centre the credit of SGST used in payment of IGST. The importing dealer shall claim credit of IGST while discharging his output tax liability (both CGST and SGST) in his own State. The Centre shall transfer to the importing State the credit of IGST used in payment of the SGST.

3. The GST is to be a destination-based tax. This implies that all SGST collected shall ordinarily accrue to the State where the consumer of the goods or services sold resides.

4. The Central taxes to be subsumed include: central excise duty (CenVAT), additional excise duties, service tax, additional duty of customs or counter vailing duty (CVD) and special additional duty of customs (SAD), cesses and surcharges in so far as they relate to supply of goods and services.

5. The State taxes to be subsumed are: VAT/sales tax, entertainment tax, octroi, entry tax, purchase tax, luxury tax, State cesses, and surcharges, insofar as they relate to supply of goods and services.

6. Crude oil, gas, aviation fuel, petrol, and diesel, which will now be excluded from the GST, can be brought within its ambit once the GST Council accords its approval.

7. Compensation to States for any loss of revenues due to implementation of the GST for a period of five years.

8. Stamp duty and electricity duty shall continue to be out of the GST and, therefore, the cascading effect of taxes shall continue for real estate and power sectors.

9. A joint forum of the Centre and the States, known as the GST Council, shall be an inter-state body, whose formation and operating procedures are clearly spelt out. The decisions of the Council are of paramount importance since the very success of GST depends on them.

10. A not-for-profit, non-government company, called the Goods and Services Tax Network (GSTN), jointly set up by the Central and State Governments shall provide shared IT infrastructure and services to the Central and State Governments, tax payers, and other stakeholders.

The GST is thus not a new tax, but simply a comprehensive VAT on goods and services. The GST will strongly facilitate and assist the process of 'Make in India'. All the stakeholders support the basic concept of the GST, while disagreeing with its specific-design features. It is noteworthy that the GST is not an event; it is a process, and a process that can take several years. Besides, no reform is an end in itself; it is always a work-in-progress. The GST would, like any other reform, need improvements and course corrections. But the long-term perspective of a rational tax policy for the GST shows that the taxation policy would have to be flexible.

The big game-changer is the taxation on services. This is where the Centre needs to play a more pro-active role in raising service-tax collections. Service taxes are the fastest-growing segment of the entire tax-base. 'The quality of the GST reform will put to test the statesmanship of the leadership at both the Central and the State levels'. Various suggestions have been made to roll out a 'perfect' GST. However, the best must not be the enemy of the good. The bottom line is not to insist on starting with the perfect tax design but to improve matters gradually. It is looking increasingly likely to be implemented in the financial year 2017-18.

Challenges in the Implementation

With the politics of getting the legislative hurdles out of the way, the challenges in the implementation of the GST are now to be encountered. The GST Council is saddled with onerous challenges, contentious issues and substantial amount of ground work. Now the need is to shift to discussing the structure of the tax and the forms and hurdles in the implementation of the GST. The major issues to be taken into account for making the GST operational are given below.

1. Fixing of GST Rates

The GST rates need to be framed against the larger issue of tax reforms, in order to avoid a messy transition to the new tax. In 2015, a panel headed by Chief Economic Advisor Arvind Subramanian had suggested a standard GST rate at which the tax will fall on a majority of the goods and services, be kept below the 18 per cent mark. The issue of rates being technical as well as politically sensitive, is difficult to resolve without bringing the Centre and the State on board. At least directionally, one will get a sense of where the rates are headed. The GST rates will not be cast in stone. If necessary, they could be revised after a review undertaken by the GST Council.

The GST Council will have to decide if it is politically feasible to tax the services at the standard GST rate. The higher rate for services under the GST is proposed being 18 per cent, essential services such as transportation are proposed to be taxed at 6 per cent or 12 per cent. The GST Council will need to arrive at consensus around the different rate-schedules and the products and services to be listed under each rate category (exempt, low rate/s, revenue neutral rate and higher rate). The Chief Economic Advisor has made a pitch for a lower GST rate, saying it will help improve compliance and dispel inflation fears.

Deviation from the Standard GST System

India is making a departure from a classical GST system in many ways, including proposing the multiple-rate structure, which seems to be the only realistic way of moving ahead. A multiple tax rate in India is inevitable for several reasons. Different items used by different segments of society have to be taxed differently. Otherwise, the GST would be regressive. Air conditioners and *hawai chappals* cannot be taxed at the same rate. Total tax eventually collected has to be revenue-neutral. The government should neither lose money necessary for expenditure nor make a windfall gain. There is going to be seven different rates of taxation under the GST as policymakers do not count three more rates – a zero rate for items that will remain outside the new tax regime, a four per cent tax on gold and a cess rate on the highest slab of 26 per cent, aimed at compensating the States for their revenue loss.

It remains a challenge to determine the rate structure to be adopted so as to incentivise compliance and, at the same time, generate enough revenues.

This is perhaps the toughest task of the GST Council, complicated by the stark economic diversity of India's States. Six States account for as much economic activity as the remaining 23 States of the country. What may be a luxury goods in one State may be an essential goods in another. The GST is an indirect tax and will affect the poor and rich equally. Protecting the poor from an unduly heavy tax burden can perhaps be best achieved through a low uniform rate for most goods except 'elite' and 'sin' goods. As argued by Richard Bird and Pierre Pascal Gendron, some imperfections may even be an essential element of getting the GST accepted in the first place in developing countries. However, it is important to ensure that the fundamentals of the reform are not violated.

2. Impact on Prices

The GST implementation will have to take into consideration the impact on the poor and economically weaker sections. The GST council is aware of this. As far as goods are concerned, the incidence of tax is expected to fall under the GST. The GST impact would be less than the current incidence of taxation. Despite being the fear of inflation, this can be managed and any unusual rise in prices can be reined in. The implementation of GST in some countries fuelled inflation and the government is keen to prevent a similar situation by starting with a low tax rate. Items with a nearly 50% of the weight-age in the Consumer Price Index basket, mainly food items, are proposed to be exempted from the GST levy. It is important to ensure that the GST rate is moderate and credit system smooth. The risk of inflation is certainly real with regard to the service tax, which at present is levied around 15 percent. An increase in service tax rates is likely to be the main cause for inflation. But the overall incidence of service tax can be contained and even brought down if the applicability of service tax component in GST is modified through appropriate rebates.

3. Computation of Compensation in lieu of Revenue Loss to the States

Since losses are going to be notional in nature, it becomes important to laid down a transparent and detailed method to calculate the compensation, which is to be provided to States for initial five years. The compensation being proposed for states by assuming a secular growth rate of 14 per cent in tax revenues on the base year of 2015-16 over the next five years. States continue to raise issues on how the compensation will be funded. Justifying the cess the union finance minister said that it would be rolled back into the GST after five years. This would ensure no additional burden on the taxpayer and yet be able to compensate the losing states.

4. Administrative Domain for GST

Who will collect the taxes - the States, the Centre, or both? The promise of the GST is not only a uniform rate structure but also the uniform tax administration to ensure better compliance. The taxpayers should have just one interface for their integrated goods and services tax administration. The GST Council shoulders an enormous responsibility to carry along extremely diverse States and transition smoothly to a unified 'one nation, one tax' regime. The critical elements of the tax reform are that it should reduce the administration, compliance and distortion costs to the economy. The tax should have a broad base, low rates, less differentiated rates and should be simple and transparent.

The Crucial Role of GST Council

As per Article 279A of the Constitution of India, the GST Council has been set up which may prove to be the most powerful federal forum in the years to come. The Council will be the gateway to the successful implementation of the new tax.

***Setting-up of the GST Council**:* The GST Council is to be a quasi-judicial-cum-administrative body. It will perform the legislative function delegated to it by the Parliament and will also perform certain administrative functions. It will be a statutory body, since it draws its power from the Constitution of India. The GST Council shall be a recommendatory body to the Central Government and State Governments. However, since it comprises political functionaries from the Centre as well as from the States the Union Finance Minister and the State Finance Ministers. Thus, it will not be easy for the Centre and the States to ignore its recommendations without any strong reason.

Composition: The GST Council shall consist of the following persons:

(i) Union Finance Minister, who shall be the Chairperson;

(ii) Union minister of State in-charge of Revenue or Finance; and

(iii) The Minister in-charge of Finance or Taxation, or any other Minister nominated by each State Government and they will choose one from among themselves to be the Vice-Chairperson of the Council for a particular period.

Functions: The Council shall make its recommendations to the Union Government and to the States, on the following subjects:

(i) The GST rates, cesses and surcharges levied by the Union, States and local bodies.
(ii) The goods and services exempted from the tax;
(iii) Clause by change analysis of the Model GST law which was put on public domain on June 14, 2016, will be analysed clause by clause;
(iv) The apportionment of Integrated Goods and Services Tax (IGST), the principles that govern the place of supply, and the principles of levying the tax;
(v) Tax threshold limit of the turnover (below which the goods and services may be exempted from the GST);
(vi) Special provisions with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh, and Uttrakhand;
(vii) Prescribe the detailed procedure for the conduct of its own business;
(viii) Recommend the date from which the GST would be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel; and
(ix) Any other matter relating to the GST, as the Council may decide.

Voting at the GST Council Meeting:

(1) The Central Government shall have a weight of 1/3rd of the total votes cast.

(2) The State Governments, taken together, shall have a weight of 2/3rd of the total votes cast.

(3) Every decision shall be taken, when it is approved by at least 75% of the weighted votes of the members present and voting. From such a voting pattern, it appears that it will not be possible for the States to take any decision against the will of the Centre, since it has 33% votes to get any decision passed, 75% votes are required, which is possible only when the Centre supports that particular decision. In the similar way, the Centre cannot take any decision which is opposed by the States.

The Challenges before the GST Council

The GST Council is facing a few big questions. What tax rates will maximise revenues and minimise inflation? In the impossible trinity of guaranteeing revenues for the States, clean GST and fiscal discipline. Which goods and services will fall into which tax slabs across the country? Multiple rates present problems because a low rate for some goods forces a much higher rate for other goods to ensure overall revenue neutrality. The European Union has multiple rates, but they have recently released a Green Paper for discussion on how to converge to a single rate. The real problem is that the departure from an ideal GST will mean that productivity gains for the economy will be much less. Vijay Kelkar recently stated that the multiple-rate structure, with numerous exemptions, would reduce the growth gains to one-fourth of what they might otherwise have been!

Given this scenario, one possible way out is to follow the advice of Kelkar, Satya Poddar and V. Bhaskar, when they recommended a common rate, with an effort to offset the adverse impact on the poor through a direct benefit transfer (DBT). They estimate that a transfer of Rs. 2,000 per person, per year, would more than suffice to offset any increase in post-tax prices and would cost only Rs. 50,000 crore per year, which is a small price for a perfect tax. Ahluwalia (2016) has observed that "this is a neat solution which will have the added advantage that it will test out the effectiveness of DBTs, which could then be used more broadly to phase out other subsidies". The GST council is an important new institution of governance in India's federal system. A recommendation from this body is perhaps the only way of depoliticizing the process of tax reforms, which is essential if the Centre and the States are to take bold decisions in this area.

It is pertinent to note here that the oversight of the financial pipeline is changing which gives a completely new meaning to the concept of fiscal federalism. Intense politics preceded the birth of the GST. But it would be a mistake to think that only good economics will henceforth guide the remaining workload to get the GST off the ground. The real politics starts only now. The outcomes of the latest meeting of the GST Council are worrying. The spirit of co-operation is not visible. Differences in the GST Council have delayed a compromise on the GST rates, the funding pattern for compensation as well as distribution of oversight powers between the Centre and the States. To justify the cess proposal, the Centre argued that it is a more efficient tool than the GST structure to mobilise resources for the States' compensation. Expectations are that these differences are not insurmountable and are likely to be resolved at the forthcoming meetings of the GST council. The GST Council is a mini Parliament for making the GST operational.

How to ensure Success for the Scheme?

While teething troubles are expected in various areas, including the definition and valuation of goods and the services under various circumstances. The main task to be done is to call meetings of the GST Council and sort out the relevant issues. There are lots of moving parts. There are issues around technology and cultural readiness. There will be many challenges, which will come into picture once the GST Council starts its work in the right earnest, but as is well known there is always a solution for every problem and one hopes that the GST Council will be able to find constructive solutions for problems arise before it and will make the GST a successful experiment in India. For the success of GST Council, Kelkar and Bhaskar have suggested the following measures:

(i) *Policy on delegated legislation*: The more the delegated legislation, the greater will be the differences in the application and impact of the GST across states.

(ii) *Transparency and predictability*: There should be no vacuum of uncertainty. To avoid uncertainty it could state upfront in which year it will recommend (or at least consider) inclusion of petroleum products in the GST base. These issues should form the basis of its transparency policy.

(iii) *Inclusiveness*: The council should exercise its powers with the utmost inclusiveness. There are a number of steps that could be taken to ensure inclusiveness.

(iv) *Capacity*: To accomplish the ambitious task of implementation, the GST Council needs to be supported by an independent secretariat with technical expertise. The secretariat should also produce or commission technical papers that can guide future evolution of the rate structure and these should be put in the public domain. This would also enable business and industry groups to lobby their point of view with both the Central government and State governments. The council secretariat must be adequately staffed to enable it to independently propose, analyse and evaluate GST-related proposals so that it can provide objective advice to the GST council.

The GST Council needs to operate in a transparent, predictable, and consistent manner so that it commands the respect and credibility not only of its members but also of all the stakeholders across the GST spectrum—ranging from manufacturers, traders and service-providers to consumers, civil society, academics, and the nation at large. Noted economists Kelkar and Bhaskar (2016) observed that the GST Council will "be the arbiter of most indirect taxes in India across the Centre and all States; it must aim to become a 21st century world-class institution epitomising co-operative fiscal federalism at its best".

Modus operandi of GSTN

A high-end, technically-capable, error-free, effective, and efficient IT Infrastructure is the key component for the success of the GST. The system should be capable of: centralised/integrated and dedicated software, revenue collection mechanism, refund generation mechanism, tracking of inter-state movement of goods & services, effective collection and interpretation of 8 million monthly returns, and generation of exception reports (eg. list of payment defaulters). Thus, a proficient IT Infrastructure is required for the national level coverage of the GST.

The IT backbone of the GST is an extremely complex and ambitious exercise as it involves banks, small businesses, and the states. To carry out these requirements, the GSTN is required to create Information Technology infrastructure for the GST. At its core, the Goods and Services Tax Network (GSTN) is creating an IT platform that encodes the GST processes of registration, returns, payments and refunds, and implements the provisions of the GST Act and Rules. The GSTN system will also maintain centralised ledgers (such as cash, and ITC and Liability Ledgers for the IGST, CGST and the SGST) of each individual taxpayer, thereby evolving to become the single source of truth for all taxpayer credits and liabilities, across all the states and the Centre. GSTN allows a common and shared IT infrastructure between the Central Government and State Governments, along with other bodies of Government of India e.g. RBI and CBDT, will add to the operational efficiency of the GST regime. The Infosys software behemoth in September 2015 was tasked with the job of building the IT infrastructure for the new indirect tax regime.

The GSTN is the special-purpose vehicle (SPV) to create the information technology backbone for the tax. It is a Section 8 (not for profit), non-government, private limited company. It was incorporated on March 28, 2013 with the authorized capital of Rs. 10 crore. It would be better to let the GST Council, represented by the Centre and States, take a call on the GSTN's ownership pattern. *The GSTN framework needs to safeguard the data and should have majority ownership of the Government. The GSTN must ensure that the data is secure and has a robust interface. The* GSTN will be compliant with security standards such as 27001, as all banks and critical IT systems are expected to be. The GSTN is working closely with business process management (BPM), software firms like SAP, Tally and Oracle, among others, to facilitate timely preparedness of the corporate sector for the transition. The GSTN has been sharpening its capacity to handle the complex tax as GST.

CONCLUSION

Given the diversity of economic development and divergence of opinion among States is not surprising. The stalemate in the GST Council was expected. To narrow down such differences is the job of the GST Council. It was always unlikely that the complex federal bargaining would be over smoothly and that too in a few meetings of the Council. There are many months and years of negotiations ahead. What is worrying is the direction these negotiations are taking, rather than the time needed to strike a deal. The political class is quite naturally worried that a low GST rate will hurt the budgetary revenue. Further, an increase in the prices of items of mass consumption could lead to a political backlash, hence the multiple slabs rather than a single rate.

A more dynamic view of the fiscal federalism is needed. The growth dividend from the GST is expected to ensure that the total tax collections are not adversely affected despite a lower tax rate. And a renewed push for direct tax reforms should ideally create fiscal space for a lower GST rate. Better planning, with synthesised data, could help bring about a much smoother transition to a GST regime. The full benefits of the scheme will accrue only when the tax structure is determined on a scientific and principled understanding, based on empirical evidence and by adopting global experience and best practices. It would be better to make haste slowly while implementing the GST. To conclude, the vexing issues of the ideal tax rate, evolving the compensation mechanism for the States and the division of administrative powers between the Centre and the States on levying the service tax will have to manage the trade-off between pragmatic politics and good economics, being worked out in a way to ensure that the inflationary impact on the common man is the least while protecting the tax revenues of both the Centre and the States.

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"Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do."

Steve Jobs
Co-founder, CEO,
Chairman, Apple Inc.

?????

"The fastest way to change yourself is to hang out with people who are already the way you want to be."

Reid Hoffman
Co-founder, LinkedIn

PUBLIC GOVERNANCE, ECONOMIC DEVELOPMENT AND QUALITY OF LIFE

Pikay Richardson*

Abstract

The author argues that the individual's welfare follows a line of causation that starts with 'effective leadership' through 'good governance' (both public and corporate), to 'economic development'. When any of these elements is missing or is ineffective, there can be no improvement in the average quality of life. He concludes that for any economic development to happen, those who take the leadership responsibility in a country should be competent and be capable of designing and maintaining a good governance regime.

Key words: *Public governance, Economic development, Quality of life, Leadership*

1. The Model of Economic Development

Many national and international experts, and, indeed the true friends of developing economies, say that the real impediment to sustained economic growth and development has more to do with the quality of leadership and the absence of good governance than with the economic plans and reforms. Research has established a relationship between the leadership, governance and the economic growth (Ndulu *et al.*, 1999). There is now little debate about the model and causation of development. An improved quality of life, as measured by the Human Development Index, derives from the increase in the socio-economic development. This, in turn, derives from good governance, comprising a combination of good Public Governance and good Corporate Governance. But 'good governance' is never a given, nor does it come by chance, good luck, or magic. Rather, it is designed, developed, and implemented by good effective leaders.

Many studies lend credence to this model. For instance, the World Bank has made it clear in its studies that good governance is a significant determinant of economic progress (Kaufmann et al, 2002). Two economists, Prof. Benno Ndulu and Prof. Stephen O'Connell, in a study on governance and growth in the sub-Saharan Africa, noted that Africa's under-development could be linked primarily to the governance models practised in most parts of the continent.

In the same vein, the ex-Governor of the Central Bank of Nigeria, Prof. Charles Soludo, quoting

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from a study conducted by two researchers, Daniel Kaufmann and Aart Kraa, in the paper, titled, "Creating effective governance and leadership for sustained national prosperity," said that the per capita income and the quality of governance were strongly positively correlated across countries. Two other scholars, Benjamin F. Jones and Benjamin A. Olken, writing on growth, leadership, and political institutions, also noted that countries experienced persistent changes in growth rates across leadership transitions, and that leaders had a large causative influence on the economic outcomes of their nations.

A Nigerian example would illustrate this point. According to Dr. Adewoyin Olaoti, a development economist and Director of Adatey Konsult, Lagos, Nigeria's failure to achieve sustained growth is linked to the lapses on the part of the past and present leaders, as well as the political institutions. He said, "Every plan that has been designed by successive administrations has had its good and bad sides. But, on the whole, there was no plan that was incapable of moving the country forward considerably. Rather, it was the canker of poor implementation, selfishness, gross misconduct and corruption on the part of those entrusted with the powers of the state, the so-called leaders, who have always spoilt the chances of such plans making any big difference". He also noted that "it is not the name of the plan that matters; neither can the plan in itself transform the country. Rather, it is the leaders into whose hands the plan falls, and who are required and expected to keep the ball rolling, ensure that the plan succeeds". Economic policies, foreign inward investment and overseas development aid, for instance, will only succeed in boosting economic development if they are orchestrated and directed by competent leadership, underpinned by good governance in recipient economies. This is not the rocket science.

To showcase the importance of good governance to economic development, the United Nations Development Programme has been at the forefront of the growing international consensus that good governance and sustainable human development are indivisible, and that the development of the capacity for good governance is the primary way to eliminate poverty. If good governance, through good leadership, is so important for the sustained economic development and prosperity, then the developing countries in Asia, Africa and Latin America have no choice but to make good governance the cornerstone of development. This is the challenge if real development and improvement of the lot of the people is what incumbent leaders truly desire, as against seeking power in order to line their own pockets and to feather their own nests. Increasingly, it is being accepted in many circles, in line with Greg Mills' assertion, that "poverty is now optional".

2. What is Governance?

Governance is an indeterminate term used in the literature on international development to describe how public institutions conduct public affairs and manage public resources. In the main, governance is 'the process of decision-making and the process by which decisions are implemented (or not implemented)'. The term *governance* can apply to corporate, international, national, local governance or to the interactions between other sectors of society.

The concept of good governance' often emerges as a model to compare ineffective economies or political bodies with viable economies and political bodies. The concept centres on the responsibility of governments and governing bodies to meet the needs of the masses as opposed to select groups in society. Because countries often described as "most successful" are the Western liberal democratic States, concentrated in Europe and the Americas, good governance standards often measure other state institutions against these states

Thus, a good governance regime is a *sine qua non* for sustainable and equitable development is without debate. There are many ways in which the good governance engenders economic development. Governments have to make decisions on macroeconomic and social policy that have a direct impact on the long-term health of the economy. They provide critical public goods and services, such as infrastructure, health and education that determine the competitiveness of the economy. Within such good governance regimes, governments foster enabling environments for private sector growth, and regulatory structures that the balance objectives of growth and equity. The experience of the East Asia shows that good governance is an essential component of dynamic private-sector growth.

3. Good Public Governance: Key to Effective Macroeconomic Policy-making and Execution

Governance has three legs: economic, political, and administrative. Economic governance includes decision-making processes that affect a country's economic activities and its relationships with other economies. It clearly has major implications for equity, poverty alleviation and quality of life. Political governance is the process of decision-making to formulate policy. Administrative governance is the system of policy implementation. Encompassing all three, good governance defines the processes and structures that guide political and socio-economic relationships.

While governance encompasses the State, it transcends the State by including the private sector and civil society organisations. What constitutes the state is widely debated in different contexts. Here, the state is defined to include political and public- sector institutions. The private sector covers private enterprises (manufacturing, trade, banking, cooperatives and so on) and the informal sector in the marketplace. Some say that the private-sector is part of the civil society. But the private sector is separate to the extent that private sector players influence social, economic and political policies in ways that create a more conducive environment firms as well as the marketplace.

The civil society, lying between the individual and the State, comprises individuals and groups (organised and unorganised) interacting socially, politically, and economically, and regulated by formal and informal rules and laws. Civil society organisations are the host of associations around which the society voluntarily organises. They include trade unions; non-governmental organisations; gender, language, cultural and religious groups; charities; business associations; social and sports clubs; cooperatives and community development organisations; environmental groups; professional associations; academic and policy institutions; and media outlets. Political parties are also included, although they straddle the civil society and the state if they are represented in the Parliament.

The institutions of governance in the three domains referred to above (state, civil society, and the private sector) must be designed to contribute to sustainable human development by establishing the political, legal, economic and social circumstances for poverty-reduction, job-creation, environmental protection and the advancement of women.

In essence, therefore, good public governance is the bedrock of development. Among other things, it is participatory, transparent, and accountable. It is also effective and equitable and it promotes the rule of law. Good governance ensures that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making on the allocation of development resources. The challenge for all societies is to create a system of governance that promotes supports and sustains human development, especially for the poorest and the most marginal. On the contrary, the lack of good governance, exemplified by the existence, and glorification of, corruption, nepotism, fiscal indiscipline, parochialism, and poor leadership, are not only inimical to the process of economic and human development, it is, at best, defeatist, and, at worst, vulgar.

Although there is little or no debate about the importance of a good governance regime to national development, such regimes do not just happen, or come around by chance or good fortune. They are fashioned by those who take leadership positions in a country. Such leaders of governments have to design macroeconomic and social policies that have a direct impact on the long-term health of the economy, and implement the same diligently to achieve tangible results. The issue of policy-implementation need not be overemphasised. The truth is that policy execution is as important as policy-formulation (strategising). Numerous examples abound of cases where governments formulated wonderful policies but failed at the implementation stage, thereby causing much frustration, pain, and cost. It is not enough for governments to make pronouncements on great policies; it must be adept at actually providing those critical public goods and services that determine progress, in such a way as to ensure efficiency of resource allocation in the domestic economy. In a fast-changing globalising world, governments have an added responsibility of ensuring national competitiveness in a highly-competitive global economy.

4. Governance in the Public Sector

To effectively lead the process of tackling the development challenge, the public sector must be strengthened to perform the key functions of poverty-alleviation, equitable development and participatory governance.

It needs enhanced capacity to :

(i) Design and implement development policies and programmes.

(ii) Provide efficient, cost-effective and responsive public service.

(iii) Promote an environment that will facilitate and sustain the emergence of a strong and vibrant private sector and the civil society.

(iv) Establish and manage an effective and transparent regulatory and legal framework to guide the growth and development of the private sector.

(v) Address the issue of transparency and accountability in public service.

(vi) Enhance institutions that promote and enforce the rule of law for legitimacy, social stability and the protection of property rights.

(vii) Manage the changing role of the public sector in the context of globalisation, market economy, multi-party democracy and information technology, which have significant implications for openness in public-sector management.

(viii) Cultivate and nurture an environment that will accelerate poverty-alleviation and sustainable development.

4.1 Characteristics of a Good Public-Governance Regime

Much has been written about the characteristics of efficient government, successful businesses, and effective civil society organisations, but the characteristics of good governance defined in societal terms remain elusive. The following are the main characteristics of a good governance regime:

(i) *Participation*: All men and women have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their interests. Such broad participation is built on the freedom of association and the speech, as well as capacity to participate constructively.

(ii) *Rule of law*: Legal frameworks are fair and enforced impartially, particularly the laws on human rights.

(iii) *Transparency:* Transparency is built on the free flow of information. Processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them.

(iv) *Responsiveness*: Institutions and processes try to serve all stakeholders.

(v) *Consensus orientation*: A system is set up that mediates differing interests to reach a broad consensus on what is in the best interests of the group and, where possible, on policies and procedures.

(vi) *Equity:* All men and women have opportunities to improve and maintain their well-being.

(vii) *Effectiveness and efficiency*: Processes and institutions are set up to produce results that meet needs while making the best use of resources.

(viii) *Accountability*: Decision-makers in the government, the private sector and the civil society organisations are accountable to the public, as well as to institutional stakeholders. This accountability differs according to the organisation and whether the decision is internal or external to the organisation.

(x) *Strategic vision*: Leaders and the public have a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development. There is also an understanding of the historical, cultural and social complexities in which that perspective is grounded.

4.2 Governance in the Global Context

The late 20th Century saw the beginning of a sea-change in the socio-economic landscape of the world. This comprised a transformation from the command economies to the market-oriented economies, the emergence of democratic political regimes in the former United Soviet Socialise Union Republic, the rapid development and global proliferation of new technologies, the pervasive spread of information and telecommunications system, the growing importance of knowledge-based industries and skills, and the continuing integration of the world economy through trade and investment. These have created the foundation for a new age of sustainable human development, which can enable a nation to create and sustain equitable opportunities for its people or precipitate a race to the bottom.

If the government does not function efficiently and effectively, scarce resources will be wasted. If it does not have legitimacy in the people's eyes, it will not be able to achieve its goals. If it is unable to build national consensus around useful objectives, no external assistance can help. If it is unable to foster a strong social fabric, the society risks disintegration and chaos. Moreover, if people are not empowered to take responsibility for their own development within an enabling framework provided by the government, development will not be sustainable.

It is, therefore, crucial for developing countries to ensure that everyone participates in economic and social development and take advantage of globalisation. They must build a political system that encourages the government, political, business and civic leaders to articulate and pursue objectives that are centred around people and a system that promotes public consensus on these objectives.

4.3 Public Governance, Capacity-building and Sustainability

In Section 4.1, we referred to those elements which characterise a good governance regime. Here, we amplify these elements and argue that in order to achieve national progress and sustain it, the twin elements of governance and capacity building should be pursued unceasingly. A number of key principles which reflect the essential attributes of a well-functioning public sector, as well as the creation of an environment conducive for the private sector to function efficiently in the creation of wealth, should be at the forefront of public action. These principles include:

( ) *Accountability*: This is a fundamental tenant of good management and for our purpose it implies that public employees, whether working individually or collectively, need to be placed within a framework that clearly sets out the goals, establishes incentives for the achievement of the desired outcomes, and monitors progress towards these ends. This is also applicable to the judiciary and other components of the legal system.

(i) *Strategic Focus*: This is essential in an environment where needs are vast and resources are limited. Consequently, organizations in the public sector must have a clear sense of purpose; otherwise, they are likely to dissipate energy and resources over a range of activities that may not be directly related to their fundamental objectives.

(ii) *Transparency and Predictability*: These are important as more rapid economic development is possible when the private sector can operate within a set of stable, predictable "rules of the game" that facilitate investment decision-making and promote investor confidence. It is in this area that the need for an efficient legal system is most apparent. Well-developed laws, which are not subject to arbitrary change, an independent judiciary, and a minimum level of technical competence within the judiciary, are essential for ensuring predictability in business relations. Without such predictability, the transaction cost may be so high that the economic activity is stifled.

(iv) *Responsiveness*: It is vital for public organisations to be client-centred and to focus their efforts on providing services that are in great demand. This, in turn, fosters higher 'customer' satisfaction and reduces the diversion of resources into unnecessary or lower priority goods and services.

(v) *Participation:* People should be maximally encouraged to participate in the affairs of the State. This is important as a government is more effective when it operates, within a robust civil society. The relevance of public participation is most apparent in the law-making process since the law which does not enjoy a wide societal consensus is difficult to enforce.

4.4 Sustainable Development : Ultimate Goal of Good Public Governance

The goal of governance initiatives is to achieve national sustainable development through the development of capacity that alleviates poverty, advances women, sustains the environment and creates necessary opportunities for employment and earnings of livelihood. The UNDP defines sustainable human development as expanding the choices for all people in society, i.e., the creation of an enabling environment where all can enjoy long, healthy and creative lives. It also means the protection of the natural systems on which the life depends and the protection of life opportunities for future generations.

Sustainable human development has five elements, all affecting the lives of the poor and the vulnerable. These are:

(i) *Empowerment:* The expansion of men and women's capabilities and choices increases their ability to exercise those choices free of hunger, want and deprivation. It also increases their opportunity to participate in, or endorse, decision-making affecting their lives.

(ii) *Co-operation*: Recognising that a sense of belonging is important for personal fulfilment, well-being and a sense of purpose and meaning, human development is concerned with the ways in which people work together and interact.

(iii) *Equity:* The expansion of capabilities and opportunities means more than income; it also means equity, such as an educational system to which everybody should have access.

(iv) *Sustainability:* The needs of a current generation must be met without compromising the right of future generations to be free of poverty and deprivation and to exercise their basic capabilities.

(v) *Security*: The guarantee of security, in particular, the security of livelihood, is crucial for development and the attainment of liberty. People need to be freed from threats, such as disease or repression and from sudden harmful disruptions in their lives

5. Good Governance and Leadership

The word 'governance' derives from 'govern', which means: to rule a country, to control or direct the public affair of a city; control, influence something or somebody; and to determine something. Governance is the activity or manner of governing, and the main ingredient of good governance is principled-centred leadership.

In turn, 'leadership' derives from the word 'leader', which means, someone who determines the right thing to do and leads people to get it done. From these meanings, it is obvious that governance and leadership point to 'direction and leading'. While there can be no progress without good governance, leadership is the pivot around which good governance revolves. Leaders are people who develop visions of future progress, develop strategies and align people behind them to achieve the visions. In this way, the main attribute of a good leader is the ability to render selfless service and refraining from selfishness.

In essence, good governance and leadership are concerned with one thing: the good and prosperity of society as a whole. Unfortunately, the model of leadership and governance in much of the developing world has, in the main, disappointed and betrayed peoples' trust. The attitude of selfishness, desire for power for power sake and a drive for money has been very pervasive. With this kind of governance and leadership, there is little wonder that economic progress has eluded most of sub-Sahara Africa in much of the post-independence era. The story is similar in many Asian countries.

CONCLUSION

The creation of a good governance regime on which human development depends to a large extent, poses serious challenges to those who hold leadership position in a country. This is more so in developing countries, where the challenges are more pronounced. For example, the governance challenges facing the leaders in Africa and India are numerous, and require great dedicated efforts to achieve improvements. Unfortunately, this has been lacking for most of the post-Independence, and this is in a world where efficiency and effectiveness constitute a condition *sine qua non* for economic and social progress. The need for competent, effective and ethical leadership in has never been more urgent.

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CHILDREN'S ATTITUDES TOWARDS TV ADVERTISEMENTS
A Gender-wise Comparison

Amardeep Kaur Ahluwalia* and Raghbir Singh**

Abstract

Purpose: *The study seeks to identify the factors affecting the children's attitude towards TV ads and to make a comparison between the attitudes of boys and girls.*

Methodology: *The sample comprised 400 children selected from reputed private English –medium schools of three cities of Punjab. The data was analysed with the help of factor-analysis, on the basis of gender.*

Findings: *The factor structure and the relative importance given both by boys and girls to various dimensions of area are found to be different.*

Limitations: *The study was limited to the state of Punjab. It took into consideration only the urban and the economically-stronger sections of the society.*

Contribution/ Policy Implications: *Children's attitude towards ads not only determines their product purchase behaviour but also other behavioural influences that ads have on them.*

Key words: *TV advertisements, Children's attitude, Gender-wise comparison, Purchase behaviour*

INTRODUCTION

A Television advertisement (TV Ad) is an important experiential component in a child's life. Although children demonstrate a fair amount of awareness about the entire range of advertising media that extend far beyond TV; the research reveals that children invariably respond in terms of TV when asked about advertising (Narasimhamurthy, 2014). Children are not only seen as an attractive market segment (Pecheaux and Derbaix, 2002) but also an influential market as they exert influence on the purchasing habits of other family members (McNeal, 1969; Buckingham, 2000; Clarke and Smallbone, 2001; and Oates *et al.* 2003).

The research suggests that marketing to children is no child's play. Children might appear to be more receptive to advertisements but their critical abilities should not be underestimated. However, the research also reveals that children are more vulnerable in comparison to adults, although the effective ads can impress even the most rational adults. Advertising exerts substantial influence on beliefs and attitudes. Hence, there is an increased concern regarding the ethics of advertising

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practices particularly aimed towards children.

Children's attitude towards ads would not only determine their product purchase behaviour but also other behavioural influences that ads have on them. Priya *et al*. (2010) found that the demand for the advertised products is heavily influenced by the children's attitude towards ads. The earlier studies established relation between the children's understanding of advertiser's selling intent or children's negative attitude towards ads and decrease in the desire for advertised product (Mc Neal, 1969 and Robertson and Rossiter, 1974). However, Kunkel *et al*. (2004) substantiates the later research (Christenson, 1982 and Ross *et al*., 1984) that children's knowledge of advertising's persuasive intent has small or no effect on the advertised product preference.

REVIEW OF LITERATURE

A brief review of the various studies directly or indirectly related to the subject of children's attitude towards TV advertisements is presented here in a chronological order as follows.

Bever *et al.* (1975) observed that the children's' attitudes towards advertising become more negative with age and their anger toward misleading ads also increases. Even by the age of 10, y children were undeniably cynical and suspicious of TV ads. About 75 per cent of the children in the 11 to 12 years age-group felt that advertising is sometimes intended to "trick" the consumers.

Barry (1978) studied the attitudes of elementary school guidance counselors toward children's TV advertisement directed at children. This particular group was chosen because of their unique position of being able to observe children when much of their development occurs. He found that they had a very negative opinion of advertising. They felt that advertising leads to materialism, exploits the young, stifled creativity and lessens a child's interpersonal skills. While 35 per cent of the respondents agreed that advertising to children should be banned, 50 per cent felt that advertising on TV could play a positive role by teaching children how to buy products in the market place

Bearden, Teel and Wright (1979) examined the influence of family's socio-economic background on children's attitudes towards advertising. The tool used for measuring children's attitude was a short, objective and self-administered test, designed by Rossiter (1977). The authors found that children from poorer families had less well-formed attitude, in the sense that socio-economic factors affected communication skills and eventual quality and meaningfulness of responses. The results were consistent with Kohlberg's (1969) conclusions that cognitive development was a function of interaction with the environment and that more rapid cognitive development was associated with more rapid social development.

Gorn and Goldberg (1980) suggested that even one exposure to a commercial produced favourable-attitudes of children towards the product, though additional exposures were found to be necessary to influence the children to make more efforts to acquire the product.

Julian and Clive (1983) sought to measure children's attitudes towards TV ads in their study. A total of 545 middle-class, white boys and girls, with an average age of 10.67 years, completed a 28-item scale after viewing a TV commercial. Two issues emerged: (1) Children's and adults' attitudes towards TV ads differ somewhat, and (2) Children view TV ads almost entirely in terms of their entertainment function. This had important ethical implications. Children's purchase behaviour may not be manipulated by such ads because: (1) Their perception of such ads may not be consistent with the advertisers' primary intentions, and (2) Children are less entertained and more irritated and bored with such ads as they grow older.

Boush *et al.* (1994) conducted a longitudinal study of middle-school students examining adolescents' beliefs about the persuasive tactics advertisers employ and scepticism towards advertising. There were 426 respondents and the questionnaire was administered twice, during the first and last weeks of the school year. Interestingly, scepticism about advertising was high among all students and did not vary across their grades. It was documented that knowledge of advertising tactics and appeals continues to develop during adolescence. As they mature, children make a transition from the viewers who see advertising as purely informative, entertaining, and trustworthy, to ones who view advertising in a more sceptical, analytical, and discerning fashion. In the light of these trends, the end result of this socialisation process will be widespread scepticism and dislike of advertising by older children. The level of scepticism toward advertising was high and was positively related to having a more adult understanding of advertising tactics. Further, consumer susceptibility to interpersonal influence was negatively related to disbelief in advertising.

Unnikrishnan and Bajpai (1996) conducted a research to study the impact of TV ads on 730 children, who represented a cross-section of Delhi's population. The TV ads that the children (aged 8 to 15 years) in the sample responded to were those that were broadcast via *Doordarshan* (India's National TV Network). A large majority (75 per cent) of the respondents said that they loved watching ads on TV. When asked whether they liked them better than the TV programmes, more than 46 per cent replied in the affirmative. It was observed that the children in the 8-plus age-group seemed more interested in knowing about new products, and seemed to act as the family's 'antenna', picking up new ideas, noticing new products, and keeping a watchful eye on premiums, discounts, free gifts and sales offers. Moreover, the desire to own the advertised products increased with age, as 74.5 per cent of children confirmed this. Over 80 per cent said they asked for the brands they had seen on TV. Furthermore, from the gender perspective the boys wanted to buy much more than the girls (20.8 per cent: 9.73 per cent).

Mangleburg and Bristol (1998) adopted a socialisation explanation for adolescents' scepticism towards TV ads. They define scepticism as a negatively valenced attitude, which is an outcome of the socialisation process. Socialisation is mainly an interaction with three socializing agents: parents, peers and the mass media. Socialization is the process by which “young people acquire skills, knowledge and attitudes relevant to their functioning as consumers in the marketplace” (Ward and Wackman, 1973, p.1). They found that the extent of TV viewing can have positive effects on adolescents' consumer socialisation, unlike earlier studies (Grossbart and Crossby, 1984 and Goldberg, 1990). TV viewing increases marketplace knowledge which mediates the effects of socialisation. They observed that the concept-oriented family communication (where children are encouraged to develop their own individual view of the world, their own competence and skills as consumers), peers' informational influence and the extent of their TV- viewing are positively related to their scepticism towards advertisements.

Verma and Kapoor (2004) found that both the parents and children felt the impact of TV ads on children's purchase request. However, with an increase in the age of the child, the parents' perception of the children's purchase request being influenced by TV ads tended to decrease. Parents' response to children's purchase request was found to be strongly influenced by the age of the child and the family income. They further noted that the parent-child interaction plays an important role in the children's learning, positive consumer values, and in parents perceiving the influence as positive on their children's buying response. Thus, instead of criticising TV ads, it would be desirable if the parents resorted to more of co-viewing and explaining the intent and contents of such advertisements to their children.

Another study by Kapoor and Verma (2005) revealed that Indian children are not as easy a target as advertisers and critics believe. They are able to analyse TV ads and develop a realistic approach towards them. It was further noticed that children as young as six-year old, could understand the purpose of a TV ad and distinguish it from a TV programmes. With increase in the age of the child, a significant increase in his/her cognitive understanding of the ad was found. Armed with the knowledge about the advertiser's persuasive intent and scepticism about the truthfulness of advertising claims, children above the age of eight years were found to have the ability to respond to TV ads in a mature and informed manner. The authors found that the TV ads contributed significantly towards the Indian children's consumer socialisation. Even the parents admit for the role of TV ads in shaping their children's buying response. However, it was also found that early parents-child interaction was a key element, if parents did not want their child to be affected adversely by TV ads. The final lesson that a child extracts from the viewing of TV ads might be a joint product of what was shown on the screen and what was taught by the parents.

According to Calvert (2008), marketing to children which according to her is more intense now than earlier because, (1) Both discretionary income of children and their power to influence parental purchases have increased over time; (2) The large increase in the number of TV channels has resulted in smaller audiences for each channel; and (3) Digital interactive technologies have opened new routes to selectively cater to children's needs. Newer marketing approaches include online ads and stealth marketing (embedding products in the programme content). All these techniques make children (below 8 years of age) particularly vulnerable. The stealth techniques do not spare older children, they weaken their consumer defenses too. The author noted that today's child lives and grows up in a technologically-advanced and sophisticated market environment that impacts their preferences and behaviour.

The study conducted by Pankaj *et al.* (2010) among children studying in English-medium schools in Delhi, sought to assess the impact of children's attitudes towards TV ads. The study includes in-depth interviews with child psychologists, advertisers and parents of young children and a survey of children in the age-group 5 to 11 years. They found that the demand for the advertised products is heavily influenced by the children's attitude towards ads. At the lower age-group, it is the entertaining ability of the ads, whereas at the higher age-groups the credibility element in the ads has the potential of creating a favourable attitude towards the advertisements. The cognitive changes among the different age-groups lead to the formation of varying attitudes towards ads. They suggested that a more focused approach was required by advertisers while planning their ad campaign for different age-groups of children, rather than considering them as one homogenous group. Characters from folklores can be depicted for creating aspirations.

Narasimhamurthy (2014) examined the impact of TV ads on children's attitudes, and behaviour. They found that among many communications tools, TV ads had more intense impact on attitudes and behaviour on children than the other medium of advertising. Findings revealed the stronger effect of TV ads on attitude and behaviuor of children. Moreover, girls spend more time with TV as compared to boys. Girls were very active and they spend more time with TV and this medium is highly influencing them and the ads influenced their lifestyles, involvement in family purchase decisions, and interaction with parents, Children told that many TV ads were better than TV programmes.

OBJECTIVES OF STUDY

The study seeks to identify the gender-wise factors affecting the children's attitude towards TV advertisements and to compare the difference between boys' and girls' attitudes.

RESEARCH METHODOLOGY

The sample comprised children from English-medium reputed private schools, catering to middle and upper socio-economic strata. The three cities selected for gathering data represent traditional, geographical, and cultural categorisation of Punjab: Majha (Amritsar), Doaba (Jalandhar), and Malwa (Patiala). The effective sample came out to be 400 children. The sample was collected through convenience sampling. Factor analysis was used as a statistical tool for data-analysis.

The sample comprised 206 (51.50 per cent) boys while the remaining 194 (48.50 per cent) are girls.

The sample gives proper representation to both the genders. There are four age categories in the range of 8 to 16 years olds (8-10 years, 10-12 years, 12-14 years and 14-16 years). The highest percentage of them (30.00 per cent) belongs to the age group of 12-14 years, while the lowest (22.50 per cent) of them belongs to the age group of 14-16 years old.

DATA ANALYSIS AND INTERPRETATION

Multivariate data analysis was done to examine the responses of boys and girls, separately.

Dimensions of Boys' Attitude towards TV Ads

The responses of 206 respondents to 26 statements, measured on a five-point Likert Scale and subjected to factor analysis are shown in **Table 1**. A study of correlation matrix and anti-image correlations showed that data was fit for factor analysis. Overall, Kaiser-Meyer-Oklin Measure of Sampling Adequacy (0.734) was sufficiently high and Bartlett's Sphericity Test (74.380) is also statistically significant. These tests have revealed that the data is fit for factor analysis.

Principal Component Analysis was employed for extracting six factors as shown in **Table 1**. All factors having the Eigen values greater than unity were selected. The cut-off point for significant factor loadings is taken to be 0.45. The communalities are quite high while the highest communality coefficient is 0.722 for Statement C17; the lowest communality coefficient is 0.437 for Statement C19. Communalities magnitude indicates that a large amount of variance in a variable is accounted for by the factor solution. Thus, the six-factor model, explaining 60.094 per cent of the variance, is quite powerful.

Table 1: Principal Component Analysis with Varimax Rotation (for Boys)

Statement Labels	Factor Loadings						Communality
	1	2	3	4	5	6	
C1	**0.647**	0.296	-0.137	0.044	-0.107	0.154	0.648
C2	0.048	0.166	**0.714**	-0.100	0.009	0.167	0.604
C3	**0.520**	0.060	0.156	0.257	0.283	0.213	0.702
C4	-0.076	0.034	0.215	**0.543**	0.363	-0.087	0.584
C5	0.233	0.131	-0.173	**0.606**	0.144	-0.021	0.540
C6	0.149	0.171	**0.665**	0.132	-0.032	0.247	0.622
C7	**0.564**	0.257	0.095	-0.144	0.223	0.158	0.560
C8	-0.110	0.128	0.054	0.133	**0.787**	0.161	0.549
C9	-0.228	-0.009	0.228	**0.518**	0.393	-0.261	0.671
C10	-0.002	-0.086	0.140	**0.744**	0.069	-0.056	0.585
C11	**0.626**	0.002	0.203	-0.172	-0.055	0.239	0.606

C12	0.178	0.028	-0.238	-0.047	**0.569**	0.127	0.545
C13	0.176	0.047	0.171	**0.672**	-0.035	0.156	0.697
C14	0.010	**0.548**	-0.029	-0.070	0.188	0.161	0.702
C15	0.160	**0.605**	0.148	0.073	0.150	-0.137	0.609
C16	**0.512**	-0.001	0.214	-0.001	0.201	0.249	0.611
C17	**0.607**	0.361	0.136	0.027	0.126	0.139	0.722
C18	-0.025	0.189	-0.026	0.153	**0.483**	0.213	0.652
C19	0.259	**0.466**	0.276	-0.055	-0.065	-0.098	0.437
C20	-0.004	0.083	0.206	**0.775**	0.106	0.156	0.642
C21	0.169	**0.593**	0.153	-0.188	-0.167	0.197	0.581
C22	0.001	0.071	0.169	0.242	**0.705**	0.130	0.695
C23	0.249	0.094	**0.483**	0.171	-0.078	-0.087	0.548
C24	0.119	0.081	**0.515**	-0.002	-0.173	0.124	0.646
C25	0.173	0.234	**0.506**	0.307	0.096	0.210	0.595
C26	0.202	0.188	-0.001	-0.064	-0.045	**0.526**	0.568
Eigen Value	5.428	4.932	3.810	2.590	2.167	1.821	
% of Variance	18.092	13.823	10.361	8.772	6.034	3.012	
Cumulative Variance	18.092	31.915	42.276	51.048	57.082	60.094	

Note: KMO MSA=0.734; Bartlett=74.380

Factors affecting the Boys' Attitudes towards TV Ads

For measuring the attitudes of boys, the factors were identified on the nature of statements included in the factor. This categorisation is shown in **Table 2.**

Table 2: Factors affecting Attitude of Boys towards TV Advertisements

Factor number	Name of Ad Dimension	(% of Variance)	Label	Statement	Factor Loadings
Factor 1	Permeability of Ad	18.09%	C1	'I learn a lot from watching TV ads'.	0.647

			C11	'Many TV ads are better than TV programmes'.	0.626
			C17	'TV ads make you try new products and improve life styles and raise standard of living'.	0.607
			C7	'It's interesting to discuss TV ads with my friends'.	0.564
			C3	'Many TV ads are amusing and entertaining'.	0.520
			C16	'I use ad jingles, one-liner in my conversation'.	0.512
Factor 2	TV Ad as a Shopping Guide	13.82%	C15	'If I go shopping on my own, while choosing things, I keep TV ads in mind'.	0.605
			C21	'TV ads tell us which brands have features that I am looking for'.	0.593
			C14	'TV ads are an important source of product information'.	0.548
			C19	'I ask my parents to buy those products whose TV ads tell us about free gifts, premium-offers, etc'.	0.466
Factor 3	Ardent Ad Followers	10.36%	C2	'By seeing TV ads, I sometimes know more about the products than my parents do'.	0.714
			C6	'I ask my parents to buy those products which I find good in TV ads'.	0.665
			C24	'I try mostly all chips/cookies/candies/ chocolates/cokesetc. that are shown on TV'.	0.515
			C25	'I generally want every toy/fashion accessory/gadget/ stationery product that is shown on TV'.	0506.
			C23	'I like to follow the trends of clothes and foot-wears shown by TV ads'.	0.483
Factor 4	Unscrupulous Ad	8.77%	C20	'TV ads tell only the nice things, hiding the bad about their products'.	0775.
			C10	'Many TV ads are to make fool of people and to catch them in their trap.	0.774

			C13	'TV ads persuade people to buy those things they do not really need'.	0.672
			C5	'TV ads are not for entertainment, information or social awareness'.	0.606
			C4	'TV ads interrupt the show and are waste of time'.	0.543
			C9	'TV ads make misleading claims; do not deliver what they promise'.	0.518
Factor 5	Judicious Buyers	6.03%	C8	'Many TV ads contain little information and many other unnecessary things'.	0.787
			C22	'I buy a product only if the ad convinces me of its benefits'.	0.705
			C12	I like TV ads but don't buy things because of them.	0.569
			C18	I buy the products by their brand names and not on the basis of what TV ads say.	0.483
Factor 6	Mirror Image of Society	3.01%	C26	'TV ads show the true picture of the society. It portrays people, their ways, and the way they actually are'.	0.526

Identification of Factors (Boys' Attitudes)

Factor 1: Permeability of Ads

This factor explains 18.09 per cent of the variance with 6 statements. It denotes that TV ads are informative, entertaining, make interesting topic of discussion, improve living standards and has influence on children's conversation. So, the ads touch our lives in more than one way. The highest coefficient is 0.647, attributed to Statement C1 ("I learn a lot from watching TV ads"), followed by C11 ("Many TV ads are better than TV programmes") (0.626).

Factor 2: TV Ad as a Shopping Guide

The second factor explains 13.82 per cent of the variance with 4 statements. Statement C15 ("If I go shopping on my own, while choosing things, I keep TV ads in mind") scored the highest coefficient of 0.605, followed by Statement C21 "TV ads tell us which brands have features that I am looking for") having a coefficient of (0.593). The other statements are about TV ads being an important source of product information and that children ask for advertised products with premium-offers.

Factor 3: Ardent Ad Followers

This factor explains 10.36 per cent of the total variance with 5 statements. Statement C2 ("By seeing TV ads, I sometimes know more about the product than my parents do") scores the highest coefficient (0.714), followed by Statement C6 "I ask my parents to buy those products which I find good in TV ads") (0.665). The other statements highlight that ads guide children with their choices of clothes, footwear, snacks, stationery, gadgets, toys, games, fashion accessories, etc.

Factor 4: Unscrupulous Ads

This factor explains 8.77 per cent of the variance with 6 statements. The highest coefficient is 0.775 is related to the statement C20, ("TV ads tell only the nice things, hiding the bad about their products"), followed neck and neck by Statement M10, ("Many TV ads are to make fool of people and seek to catch them in their trap") (0.774). Other statements pertain to dishonesty of the TV ads.

Factor 5: Judicious Buyers

This factor explains 6.03 per cent of the variance with 4 statements. The highest coefficient is 0.787 pertaining to the Statement C8 ("Many TV ads contain little information and many other unnecessary things"), followed by C22 ("I buy a product only if the ad convinces me of its benefits") having a coefficient of (0.705). The other statements are about 'liking of ads but not buying products because of them' and 'brand name being more important determinant than the TV ad in buying the product'.

Factor 6: Mirror-image of Society

The sixth factor explains 3.01 per cent of variance, with a single Statement M26, namely, "TV ads show true picture of society; it portrays people, their ways and the way they actually are" (0.526). This factor denotes that the ads are a reflection of the society.

Dimensions of Girls' Attitude towards TV Ads

The responses of 194 girls to the 26 statements are factor analysed in **Table 3**, so as to make them comparable with the results of the boys. A study of correlation matrix and anti-image correlations showed that the data is fit for factor analysis. The Kaiser-Meyer-Oklin Measure of Sampling Adequacy (0.641) is sufficiently high and the Bartlett's Sphericity Test (121.670) is also statistically significant, indicating the suitability of the data for factor analysis.

Table 3: Principal Component Analysis with Varimax Rotation (Girls)

Factor number	Name of Dimension	(% of Variance)	Label	Statement	Factor Loadings
Factor 1	Educative and Entertaining Ads	16.23%	C1	'I learn a lot from watching TV ads'.	0.714
			C3	'Many TV ads are amusing and entertaining'.	0.517
			C26	'TV ads show true picture of society. It portrays people, their ways, the way they actually are'.	0.515
			C19	'I ask my parents to buy those products whose TV ads tell about free gifts, premium-offers etc'.	0.492
			C11	'Many TV ads are better than a TV programe'.	0.479

			C15	'If I go shopping on my own, while choosing things, I keep the TV ads in mind'.	0.478
Factor 2	Integral to Lifestyle	(12.89%)	C16	'I use ad jingles, one liner in my conversation'.	0.730
			C17	'TV ads make you try new products and improve life styles and raise standard of living'.	0.601
			C21	'TV ads tell which brands have features that I am looking for'.	0.552
			C25	'I generally want every toy/fashion accessory/gadget/ stationery product that is shown on TV'.	0.521
			C23	'I like to follow the trends of clothes and foot wears shown by TV ads'.	0.506
			C7	'It's interesting to discuss TV ads with my friends'.	0.469
			C24	'I try mostly all chips/cookies/candies/chocolates/ cokes etc. that they show on TV'.	0.457
Factor 3	A Quay to Superior Product Knowledge	10.56%	C6	'I ask my parents to buy those products which I find good in TV ads'.	0.771
			C2	'By seeing TV ads, I sometimes know more about the products than my	0.679
				parents do'.	
			C14	'TV ads are an important source of product information'.	0.529
Factor 4	A Futile Exercise	9.24%	C4	'TV ads interrupt the show and are a waste of time'.	0.607
			C8	'Many TV ads contain little information and many other unnecessary things'.	0.554

			C5	'TV ads are not for entertainment, information or social awareness'.	0.536
Factor 5	Unscrupulous Ads	7.60%	C20	'TV ads tell only the nice things, hiding the bad about their products'.	0.569
			C13	'TV ads persuade people to buy those things they do not really need'.	0.546
			C10	'Many TV ads are to make fool of people and to catch them in their trap'.	0.534
			C9	'TV ads make misleading claims; do not deliver what they promise'.	0.509
			C22	'I buy a product only if the ad convinces me of its benefits'.	0.492
Factor 6	Judicious Buyers	5.14%	C12	'I like TV ads but don't buy things because of them'.	0.649
			C18	'I buy the products by their brand names and not on the basis of what TV ads say'.	0.519

Identification of Factors (Girls' Attitudes)

Factor 1: 'Educative and Entertaining Ads'

The first factor explains 16.23 per cent of the total variance with 6 statements. It indicates that TV ads educate children by acting as their window to the world in general and by informing them about the available product choices in particular. Also, children find TV ads entertaining. The statement C1, ("I learn a lot from watching TV ads") gets the highest coefficient (0.714), followed by C3, ("Many TV ads are amusing and entertaining") (0.517). The other statements are concerning TV ads reflect a true image of the society, 'parents being asked to buy goods with premium-offers', TV ads are better than the programmes and 'Children always keep ads in mind while shopping'.

Factor 2: 'Integral to Lifestyle'

This factor explains 12.89 per cent of the variance with 7 statements. It denotes how ads have become integral to the lifestyle of children. The highest coefficient (0.730) is scored by the statement C16, "I use ad jingles, one liner in my conversation", followed by C17, "TV ads make you try new products and improve life styles and raise standard of living" (0.601). The other statements are about children picking trends of clothes, footwear, gadgets, toys, accessories, eatables, etc., from TV ads and discussing ads with their friends.

Factor 3: 'A Quay to Superior Product Knowledge'

The third factor explains 10.56 per cent of the variance with 3 statements. The highest coefficient (0.771) is scored by Statement C6, "I ask my parents to buy those products which I find good in TV ads", followed by C2, "By seeing TV ads, I sometimes know more about the products than my parents do" (0.679) and C14, "TV ads are an important source of product information" (0.529).

Factor 4: 'A Futile Exercise'

This factor explains 9.24 per cent of the total variance with 3 statements, highlighting skeptical attitude towards TV ads. The highest coefficient is scored by the statement C4, "TV ads interrupt the show and are waste of time" (0.604). The other two statements are C8, "Many TV ads contain little information and many other unnecessary things", (0.554) and C5, "TV ads are not for entertainment, information or social awareness", (0.536).

Factor 5: 'Unscrupulous Ads'

The fifth factor explains 7.60 per cent of variance with 5 statements, focusing on dishonesty in TV ads. The Statement C20, "TV ads tell only the nice things, hiding the bad about their products" secures the highest coefficient (0.569), followed by statement C13, "TV ads persuade people to buy those things they do not really need" (0.546).

Factor 6: 'Judicious Buyers'

This factor explains 5.14 per cent of variance with 2 statements. The higher coefficient (0.649) is scored by C12, "I like TV ads but don't buy things because of them", followed by C18, "I buy the products by their brand names and not on the basis of what TV ads say" (0.519).

Attitudes of Boys Vs Girls

A comparison of the sub-samples of boys and girls reveal six dimensions but the factors emerging from both the sub-samples are different in constitution and importance attributed to each.

The 1st factor for boys denotes that advertisement touches our lives in more than one way; while for girls it reveals that advertisement can be both informative and interesting. The second dimension of TV ads for girls covers different ways in which ads influence their living style and for boys the second factor focuses on how TV ads help in a product purchase decision. The third factor for girls highlights that children have better awareness as ads are a good source of product information. While the third factor for boys highlights how children have better product knowledge and how diligently they follow ads for choosing the products. The factor 'Unscrupulous Ads' focusing on the dishonesty in ads comes at the fourth level of importance for boys, while it is at the fifth for girls. 'A Futile Exercise' emerges as the fourth factor for girls conveying uselessness of TV ads. 'Judicious Buyers' emerges at the fifth level for boys and at the sixth level for girls. The sixth factor for boys with a single statement revealed how TV ads reflect the true image of the society.

It is noteworthy that all the factors are different except for two: 'Unscrupulous Ads' and 'Judicious Buyers', but these two dimensions are prioritised at different levels for boys and girls. 'A Futile Exercise' constitutes a separate factor and does not combine with 'Unscrupulous Ads' and 'Judicious Buyers' as in case of boys; there by highlighting the importance of this factor for girls. The fourth and the fifth factors for boys denoting scepticism towards TV ads explain 14.80 per cent of variance, whereas for girls, skepticism is denoted through three factors: fourth, fifth and sixth that explain 22.08 per cent of the total variance. (Girls have more pronounced analytical and apprehensive attitude towards ads.)

CONCLUSION AND POLICY IMPLICATIONS

The media-planners and marketers may identify the relative strength of each of the factors identified above in determining the children's attitude towards TV ads. Attitude is one of the most important determinants of consumer behaviour that affects a purchase decisions. Priya *et al*. (2010) found that the demand for the advertised products is heavily influenced by the children's attitude towards ads. They may take note that children have an overall positive but pragmatic attitude towards TV ads. While, ads are a learning platform from where they learn about products and lifestyles, they give ads a consideration while shopping. On the other hand, they understand the intent behind the ads, they realise that ad persuades people to shop for unnecessary things; ads just highlight the positive attributes of the product, completely hiding the negative aspects. Hence, children buy goods only if they are really convinced by the ads.

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"You shouldn't focus on why you can't do something, which is what most people do. You should focus on why perhaps you can, and be one of the exceptions."

Steve Case
Co-founder, AOL

♦♦♦♦♦

"Always deliver more than expected."

Larry Page
Co-founder, Google

ROLE OF ORGANISATIONAL CITIZENSHIP BEHAVIOUR AND SERVICE-DOMINANT LOGIC IN VALUE-CREATION IN HIGHER EDUCATION
University Officers' Perspective

Hardeep Chahal* and Rupa Mahajan**

Abstract

Purpose: *The study seeks to examine the role of Organisational Citizenship Behaviour (OCB) and Service-dominant Logic/ Behaviour (SDL/B) competencies in value-creation in higher-education institutions. While OCB is sought to be studied, using five dimensions, namely altruism, sportsmanship, conscientiousness, civic virtue and courtesy, SDL/B is examined through absorptive and collaborative competencies. Four dimensions of value-creation (teaching, research, co-ordination (with colleges) and administrative services) were studied.*

Research Methodology: *55 senior officers of the University of Jammu (UOJ) and the Guru Nanak Dev University (GNDU) were contacted using the census method. The data was analysed using the partial least-squares method.*

Findings: *The study reveals that out of the four dimensions of OCB, altruism, sportsmanship and civic virtue contribute towards the OCB, while both absorptive and collaborative competencies significantly contribute to SDL. Further, value-creation can be more significantly predicted by SDL, as compared to OCB.*

Limitations: *Subjectivity of respondents is an unavoidable limitation due to the use of the primary data.*

Value / Contribution: *The study contributes to the existing literature by establishing the relationship of OCB and SDL in value-creation in univertsities. OCB and SDL-based environment in universities encourage exchange and information sharing with peers, updating and encouraging innovative and competitive initiatives for sustainable development in the higher education sector.*

Key words: *Organisational citizenship behaviour, Service-dominant logic, Service-dominant behaviour, Value-creation, Higher education*

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INTRODUCTION

A Service organisation can enhance its competitiveness through interaction with its stakeholders' performance. Such interactive behaviour has attracted great deal of attention from researchers all over the world. Akin to various service organisations, success of higher education sector requires significant marketing tools to enhance and to sustain organisational performance and growth (Edvardson, Tronvoll and Gruber (2011). Hence, value in higher education can be determined mainly by the ability and skills of its stakeholders. Scholars, such as Walker *et al*. (2000) observed that organisational members work in a network-based exchange system involving collaboration of members, resources, knowledge and skills to benefit the organisation. In addition, it is also seen that the behaviour of organisational members promote development of collaborative behaviour within organisations, which encourages discretionary behaviour (that is not required by the formal role). Such behaviour is defined by Bateman and Organ (1988) as organisational citizenship behaviours (OCB). Informally, OCB allows the development of processes of creating and sharing knowledge to create value for organisations.

The other concept, that is, service- dominant behaviour (SDB), related to service dominant logic (SDL) states that value is created through service-exchange among its varied stakeholders, instead of within the organisation itself (Vargo and Lusch, 2008; Karpen, Bove and Lukas, 2009; Chahal and Mahajan, 2015).

Service exchange and value creation are further influenced by social forces, such as social structures, social systems, roles, positions, interactions and reproduction of social structures. The social theories are based on three pillars: reality, knowledge, and learning (Kukla, 2000; Liu and Tsuar, 2014). From the behavioural aspect, both the concepts (OCB and SDB) are based on various social theories, such as the social exchange theory (Birenbaum and Sagarin 1976), social interaction theory (Kukla 2000), network theory and the network exchange theory (Walker et al., 2000). The behaviour that results reflects the SDB. The creation of value and exchange of knowledge and competencies that are important to the SDB also require the behaviour that can be measured against such underlying values. Thus, the OCB an important behavioural concept influences the foundation premises of the SDB.

In this context, Chahal and Mahajan (2014a); Nga, Lam and Feldman (2016) noted that the OCB in the education sector focuses on attitude of service-provider towards three aspects that include student (e.g., acquiring expertise in new subjects that contribute to teaching, enhancing the ability to deal with students' special needs, etc.), faculty members (e.g., helping other members who have workload, orient new members, etc.) and organisation (e.g,. volunteering for unpaid tasks, providing innovative suggestions to improve the organisation as a whole, etc.). Similarly, it is argued that the SDB is equally significant for attaining competency- based benefits in the higher-education sector.

The SDL requires interaction based on knowledge and skill exchange, which is very important to be supervised and supported by service competencies of various stakeholders (Karpen, Bove and Lukas 2009; Golooba and Ahlan, 2013; Ronald and Amelia, 2014). However based on the literature review, little research related to OCB and SDL is included in the business literature. The present study seeks to explore the behavioural aspects of the SDL that is, the SDB and its relationship with the OCB in the higher-education sector in India.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Organisational Citizenship Behaviour (OCB)

The term 'Organisational Citizenship Behaviour' (OCB), coined by Bateman and Organ (1983), is a set of discretionary workplace behaviour that exceed one's basic job requirements (Chuin and Ramayah 2009; Nga *et al*., 2010; Acaraya and Akturan 2015). It is well-established in literature that an organisation cannot survive or prosper unless its employees engage in activities that reflect positive organisation-relevant behaviours (Nezakati *et al*., 2010; Banu, Amudha and Surulivel 2012).

Employees that go beyond their formal job responsibilities and freely provide assistance in terms of their time and energy to help stakeholders to accomplish the organisational objectives are able to benefit the organisation by creating value. Organ (1988), the major contributor in the area of OCB, opined that OCB maximises the efficiency and productivity of employees and ultimately contributes to creation of value for the organisation. This is also supported by researchers such as Chuin and Ramayah (2009); Ellinger *et al*., (2013). Since these efforts are made beyond requirements specified in the job description, their presence cannot be enforced and similarly their absence cannot be penalised (Podsakoff and Mackenzie 1997).

Among various perspectives regarding the dimensionality of OCB, the present study adopts OCB as five-dimensional concept as identified by Smith, Organ and Near (1983) comprising altruism, sportsmanship, conscientiousness, civic virtue and courtesy. This five-dimensional concept is well-established in literature and is used by majority of the scholars, such as Somech and Ron (2007); Jung and Hong (2008); Chuin and Ramayah (2009); Chahal and Mahajan (2014a); and Devece *et al*. (2015). Studies such as Mackenzie *et al*., (1993); Walz and Niehoff, (2000); Oplatka (2006) concluded that all the components excluding courtesy contribute significantly to OCB. This is also observed in the education sector by Somech and Ron (2007). Based on the review of literature, the following hypotheses are formulated:

H_{1a}: Altruism significantly contributes towards OCB.
H_{1b}: Sportsmanship significantly contributes towards OCB.
H_{1c}: Conscientiousness significantly contributes towards OCB.
H_{1d}: Civic virtue significantly contributes towards OCB.
H_{1e}: Courtesy insignificantly contributes towards OCB.

Service-dominant logic (SDL)

The concept of service-dominant logic, developed by Vargo and Lusch, in 2004 is a broader and comprehensive concept based on exchange of intangibles such as knowledge and skills among stakeholders (Gronroos 2008, 2011; Lusch and Vargo 2008). SDL considers that value is created by an organisation along with other stakeholders, instead of organisation itself (Vargo and Lusch 2004; Cabiddu, Lui and Piccoli 2013; Lai and Tan 2015). In other words, SDL has a primary focus on operant resources - the resources that are intangible and dynamic and are capable of creating value. Number of scholars such as Vargo and Lusch (2004); Gummenson (2008); Lusch and Vargo (2008); Maglio and Spohrer (2008); Vargo (2008) have contributed to the conceptual development of SDL.

Similarly, Chahal and Mahajan (2014b) stated that the functioning of the SDL-based organisation focuses on the interaction among internal and external members of an organisation. Basically in SDL focused system, organisational stakeholders are encouraged to work in a coordinated and transparent manner to create value. This interaction among various members ultimately helps in building foundation for achieving the desired organisational performance. Hence SDL can be defined as value co-creation chain in which all stakeholders collaborate dynamically, to deliver high quality service through various interactions among stakeholders to create value. Further SDL notion suggests that best way to achieve desired level of organisational performance is through the application of competencies (Gummenson 2008; Edvardson, Tronvoll and Gruber 2011).

SDL is based on the principle that service is exchanged for service, where service is process of exchange that applies competencies for benefit of all stakeholders and is the basis for value creation (Vargo and Lusch 2008; Lai and Tan 2015; Chou, Lin and Huang 2016). SDL is primarily based on the application of two competencies that is, knowledge and skills (Lusch, Vargo and Brien 2007; Lusch and Vargo 2008; Ordanini and

Parasuraman 2010). The behaviour that reflects from such interactive exchange activities is termed as SDB. As such, SDL as SDB (behavioural aspect of SDL) with respect to two competencies that is, collaborative and absorptive competencies are examined.

Based on the seminal contribution (Vargo and Lusch 2008) absorptive and collaborative competencies are pivotal for value co-creation. Absorptive competencies relate to the symmetric information and conversation among various members of the organisation which require employees to provide correct and accurate information and not to mislead any other stakeholder involved in the organisation (Lusch and Vargo 2008). Maglio and Spohrer (2008) and Chahal and Mahajan (2014b) remarked that the application of collaborative competencies is necessary to strengthen the integration between the different parties of the organisation to create value. Both the competencies enable all employees to collaborate with each other and to adjust with the changing vis-a-vis new environment (Lusch and Vargo 2008; Chahal and Mahajan 2014b). It focuses on two way interaction between the producer or other social and economic integrators to create value. Thus the following hypotheses are formed;

H_2a: Absorptive competencies significantly contribute towards SDB.

H_2b: Collaborative competencies significantly contribute towards SDB.

Value-creation

The concept of value is at the center of all human activity. In all kinds of exchange, the worth of what is obtained is evaluated by the value gained (Vargo and Lusch 2008). The value concept in marketing has been receiving substantial attention. However, there is still an on-going controversy regarding how value is defined and measured. According to value concept, value is not created solely by organisation, but created with collaboration of customers (Vargo and Lusch 2004) during their usage of products and interactions with different actors. The role of organisation is to propose a value proposition through resources such as goods and services, and it is customer who creates value over a process of time (Cabiddu, Lui and Piccoli 2013). As such, the foundation of the SDL emphasizes need for value creation through networks and interactions of various stakeholders (Gummesson 2008; Vargo and Lusch 2008). In other words, value creation results when all members are directing their efforts and capabilities collectively to enhance organisational performance (Robson, Bailey and Larkin 2004; Chou, Lin and Huang 2016). Lin and Lin (2006) remarked that value is key determinant to collaborative provider-customer relationship. Prior research has considered value co-creation from different perspectives, such as "value-in-experience" (Prahalad and Ramaswamy 2004) and "value-in-use" (Vargo and Lusch 2004). However, it is examined mainly through three perspectives namely, value created by employees, value created by customers and value created by both providers and customers (Lin and Lin 2006; Kuzgun and Asugman 2015). As Lin and Lin (2006) expressed that value for employees is generated only when they are allowed to participate in decision- making and are considered as an important part of organisation. In similar context, Saks (2006) remarked that level of employee participation in an organisation determines the level of value created. Thus, co-creation depends highly on individuals through involvement and exchange among multiple parties to create value collaboratively (Prahalad and Ramaswamy 2004; Chou, Lin and Huang 2016).

Research evidence suggests that significant OCB and SDL/SDB give rise to favourable performance evaluations and creation of value for an organisation (Chou, Lin and Huang 2016). Organisation is a network of individuals (within and around), that influences goals and performance of organisation, both formally and informally (Podsakoff *et al.*, 2000; Cabiddu, Lui and Piccoli 2013).Though OCB is not specifically mandated or rewarded by formal job descriptions, but management has a great deal of indirect influence on OCB. Further researchers such as Mc.Coll-Kennedy (2012); Kuzgun and Asugman (2015) stated that value in the SDL/SDB framework can be said to be created through effective interaction between customer and provider in an organisation.

Thus, both partners need to collaborate effectively to enhance the value of firm. In a highly networked organisation value co-creation becomes very important because it views value as not created by organisation, but by customers and other stakeholders as they all integrate resources collaboratively (Chahal and Mahajan 2015). Accordingly value in education sector is created through service providers (higher officers, faculty members and supporting members) and service users (students and research scholars). Value in education sector is thus created in the form of research publications, participation in academic and non-academic events, enhanced teaching practices, maintaining overall quality and performance standards of colleges (affiliated to higher institutions) and universities (Chahal and Mahajan 2014b). As such the present research made an endeavour to examine value created in higher educational sector in terms of teaching, research, coordination (college) and administrative services (four dimensional -concept). The following hypotheses were formulated for testing:

H_3: All the four dimensions- teaching, research, coordination (college) and administrative services contribute significantly to value-creation.

H_4: OCB significantly contributes to value-creation.

H_5: SDB significantly contributes to value-creation.

OBJECTIVES OF THE STUDY

The study was conducted with the following objectives:

1. To assess the OCB level of university officers with respect to five dimensions that include altruism, sportsmanship, conscientiousness, civic virtue, and courtesy;
2. To assess the SDL of university officers with respect to absorptive and collaborative competencies;
3. To measure their value-creation by way of teaching, research, co-ordination (college) and administrative services; and
4. To assess the impact of the OCB and the SDL in creating value.

RESEARCH METHODOLOGY

The Sample

In this study, University of Jammu (UOJ) and Guru Nanak Dev University (GNDU), two of the oldest (functional since 1969) and the biggest state universities of North India, were selected to examine the role of OCB and SDL in value-creation.

The decision-making members of the two universities (UOJ and GNDU) that consist of senior authorities / officers and controlling officers were contacted to examine OCB and SDB relationships. These higher officers includes Vice-Chancellors, Registrars, Controllers, Dean (Academic Affairs), Dean (Students Welfare), Directors, Deans, Joint Registrars, Deputy Registrars and Principals of Government Degree Colleges of Jammu and Amritsar cities. The census method was used to contact the selected stakeholders. The census method was used to contact fifty-five higher officers and controlling officers of both the universities that included 27 (UOJ) and 28 (GNDU) from the UOJ and GNDU, respectively. Of the total 55 distributed questionnaires, forty-three completely filled questionnaires were received, giving a response rate of 78.18 per cent.

Generation of Items

OCB-OCB was measured, through items extracted from the scales developed by Smith, Organ and Near (1983) and Podsakoff *et al.* (1990). The items were modified as per need of the study and resulted in developing the OCB measure, containing 43 items spread across five dimensions of the OCB. The items OCB dimensions were finalised after reviewing various studies, such as Walz and Niehoff (2000); Oplatka (2006); Somech and Ron (2007); Jung and Hong (2008); Chuin and Ramayah (2009); and Chahal and Mahajan (2014a).

SDB-SDB measure comprising 20 items was developed by reviewing earlier studies, namely Lusch and Vargo (2008); Maglio and Spohrer

(2008); Vargo (2008); Karpen, Bove and Lukas (2009); Ordanini and Parasuraman (2010); Edvardson, Tronvoll and Gruber (2011); Chahal and Mahajan (2014b). The items for collaborative and absorptive competencies were also extracted from studies, such as Ballantyne and Varey (2008); Payne, Storbacks and Frow (2008); Vargo (2008); and Yazdanparast, Manuj and Swartz (2010).

Value-creation- A scale for value-creation, including four dimensions that included teaching, research, co-ordination (college) and administrative services was developed. Thus, a total of 47 items for value-creation was finalised.

All the items of the questionnaire were anchored with a 5-point Likert's scale, where 1 stands for 'strongly disagree' and 5 stands for 'strongly agree'.

Profile of Respondents

The sample consisted of 43 senior university officers, of which 35 were male (81.39%) and 8 female respondents (18.60%). The majority of the respondents were in the age group of 48 years and above (81.39%), and the rest (18.61%) were in 38 - 47 year age-group. With regard to the educational qualifications, 23.25% were M.Phil. while 76.74% were Ph.D. degree holders. These officers were also identified according to their designation - registrar (2), controller (2), director (8), dean (3), principal (12), joint registrar (3) and deputy registrar (14). The profile of respondents (UOJ and GNDU officers) is given in **Table 1.**

Table 1: Demographic Profile of Sampled University Officers

Demographic Factors	Groups	UOJ		GNDU			
		Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)
Gender	Male	20	90.90	15	71.42	35	81.39
	Female	2	9.09	6	28.58	8	18.60
Age	38-47	3	13.63	3	14.28	6	18.61
	48 & Above	17	77.27	18	85.72	35	81.39
Qualification	M.Phil	5	22.72	5	23.81	10	23.25
	Ph.D / NET	17	77.27	16	76.19	33	76.74
Designation	Registrar	1	4.54	1	4.76	2	4.65
	Controller	1	4.54	1	4.76	2	4.65
	Director	2	9.09	6	28.57	8	18.60
	Dean	2	9.09	1	4.76	3	6.97
	Principal	4	18.18	8	38.09	12	27.90
	Joint Registrar	2	9.09	1	4.76	3	6.97
	Deputy Registrar	10	45.45	4	19.04	14	32.55
Teaching Experience	1-10	2	9.09	1	4.76	3	6.97
	11-20	5	22.72	2	9.52	7	16.27
	21-30	9	40.90	11	52.38	20	46.51
	31-40	6	27.27	7	33.33	13	30.23
Administrative Experience	1-5	10	45.45	15	71.42	25	58.13
	6-10	3	13.63	2	9.52	5	11.62
	11-15	7	31.81	3	14.28	10	23.25
	16-20	2	9.09	1	4.76	3	6.97

DATA ANALYSIS AND INTERPRETATION

Descriptive Statistics

At the outset, response scores for negative items are reversed to examine descriptive statistics of the three construct namely, OCB, SDB and value creation. Skewness and kurtosis are examined using normal probability plots. The details of descriptive statistics are given in **Table 2**.

Table 2: Descriptive Statistics of Senior Officers

Constructs	Mean			Standard Deviation		Skewness		Kurtosis	
	Min	Max	Overall	Min	Max	Min	Max	Min	Max
OCB	3.91	4.12	3.60	0.718	1.411	0.008	-0.339	0.044	0.765
SDB	3.51	3.86	3.55	0.812	1.252	0.066	0.527	-0.077	0.163
Value-Creation	3.27	4.30	3.79	0.674	1.295	0.002	0.362	0.025	0.368

Item Analysis

OCB: Item analysis was conducted on forty- three items that resulted in deletion of fourteen items (complete deletion of *courtesy* dimension) as squared multiple correlation (SMC) values were less than the set criterion (greater than 0.5). After deletion, overall cronbach alpha value of OCB measure is recorded at 0.759, which is above the recommended criterion (0.7). Further, majority values of corrected item-to-total correlation (CITC), ranged between 0.340 and 0.695 along with SMC values ranging between 0.549 and 0.845. The item mean values are recorded as 3.240 (with 0.286 variance), item variance mean as 0.913, (with 0.443 variance) while scale statistics reveal overall mean as 61.56 and overall variance as 56.129 **(Table 3).**

SDB: At the initial stage of item analysis, out of twenty items of SDB, three items are deleted due to low SMC values. All the retained items of SDB (eighteen) reflected good internal consistency with cronbach alpha as .838. The SMC of items in the two dimensions, namely, *absorptive* and *collaborative* are within the range of 0.564 to 0.634 while CITC is ranged between 0.452 and 0.686. The overall scale statistics that are, overall mean (55.88) and overall variance (28.82) along with item scale statistics that are, item mean (mean= 3.555, variance= 0.033) and item variance (mean=0.961, variance=0.037) reflect good scale properties of SDB (Table 3).

Value-creation: The item analysis performed on forty- seven items of *value creation* grouped under four factors namely, *teaching* (eleven items), *research* (seven items), *coordination (college)* (eight items) and *administrative services* (twenty one items) resulted in deletion of fifteen items due to low SMC values. Eight (*teaching*), five (*research*), four (*college* coordination) and fifteen (administrative services) retained items resulted in robust cronbach alpha value that are recorded as 0.822, 0.874, 0.817 and 0.865 respectively and with overall alpha value of the scale as 0.858. CITC of all the four dimensions ranged between 0.316 and 0.644, while SMC ranged between 0.550 and 0.801 (Table 3).

Table 3: Item Analysis of OCB, SDB and Value-Creation

Construct	CITC Range	SMC Range	CA
OCB, Overall CA= 0 .759			
Altruism	0.340 - 0.615	0.578 - 0.605	0.758
Sportsmanship	0.398 - 0.695	0.549 - 0.845	0.806
Conscientiousness	0.382 - 0.488	0.549 - 0.722	0.700
Civic Virtue	0.420 - 0.690	0.532 - 0.759	0.719
SDB, Overall CA= 0.838			
Absorptive Competencies	0.469 - 0.686	0.592 -0 .634	0.775
Collaborative Competencies	0.452 - 0.667	0.564 -0 .612	0.786

Value-Creation, Overall CA= 0.858			
Teaching	0.399 -0 .644	0.554 - 0 .686	0.822
Research	0.316 -0 .542	0.550 - 0 .654	0.874
Co-ordination (college)	0.408 -0 .532	0.559 - 0 .675	0.817
Administrative Services	0.324 -0 .546	0.578 - 0 .801	0.865

Note: CITC (Corrected Item Total Correlation), SMC (Squared Multiple Correlation), CA (Cronbach Alpha)

Hypothesis Testing

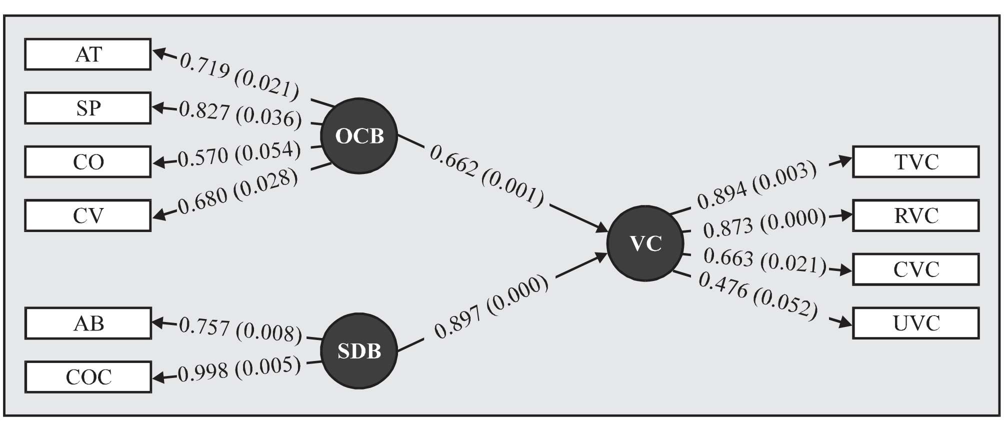
We used the Partial Least Square (PLS) method for testing hypotheses relating to OCB, SDB and value creation. PLS (Partial Least Square) is used to analyse relationship in items of structural and measurement models. To run PLS, summated mean of respective dimensions of all the constructs are used to establish relationship among the constructs. Hair *et al*., (2014) stated that internal reliability (0.7 or higher is considered), composite reliability (0.7 or higher is considered) and item loadings above 0.05 signify that the measures are adequate in their validity. Finally, as a mean of evaluating discriminant validity, the average variance extracted for each construct should be greater than the square of the correlation between the construct and all other constructs. AVE (0.5 or higher is considered) and discriminant validity (square root of AVE of each latent variable should be greater than the correlations among the latent variables).

Among the four OCB dimensions *altruism* (β=0.719)*, sportsmanship* (β=0.827), *civic virtue* (β=0.680) and *conscientiousness* (β=0.570) are significantly contributing towards OCB. *Courtesy* however is completely excluded from this construct. Hence hypotheses H1a, H1b, H1c, H1d and H1e stand partially accepted.

Both the two SDL competencies- *absorptive competencies* (β=0.757) and *collaborative competencies* (β=0.998) are significantly predicting SDB. As such, hypotheses H2a and H2b are accepted.

The three dimensions of value creation - teaching (β=0.894), research (β=0.873) and coordination (college) (β=.0663) contribute significantly while fourth dimension that is, administrative services, contributes insignificantly. Thus, hypothesis H3 is partially accepted.

Further PLS result also reflects that value creation is more significantly predicted by SDB (β =0.897, p=0.000) while OCB (β=0.662, p=0.001) predicts value creation moderately. Hence hypotheses H4 and H5 are being accepted (**Figure 1**).



Note: OCB (Organisational Citizenship Behaviour), AT (Altruism), SP (Sportsmanship), CO (Conscientiousness), CV (Civic Virtue), SDB (Service Dominant Behaviour), AB (Absorptive Competencies), COC (Collaborative Competencies), VC (Value Creation), TVC (Teaching), RVC (Research), CVC (College) and UVC (University). Values represent regression weights and p- values.

Figure 1: Research Model

Discussion

Organisational citizenship is discretionary behaviour that is not part of an employees' formal job requirement but significant in promoting effective functioning of the organisations. Organisations need employees who do more than their usual job duties and provide performance that is beyond expectations. The result of the study reflects that among five dimensions of OCB, sportsmanship (β=0.827) is the strongest predictor of OCB, followed by altruism (β= 0.719) and civic virtue (β= 0.680). Conscientiousness (β=0.570) is found to predict OCB insignificantly while courtesy dimension is completely deleted from the construct. Similar results are also found in studies conducted by as Mackenzie et al., (1993); Walz and Niehoff, (2000); Somech and Ron (2007); Chahal and Mahajan (2014a). The findings reflect that officers of both universities exhibit OCB at an average level. They regularly involve themselves in organisational activities (as and when required); provide voluntary help to their peers to accomplish organisational targets; and are supportive to new changes related to norms and policies for effective functioning of the organisation. However, higher officers need to focus more on issues related to supervision of work in various departments, regularity and punctuality, encourage informal talks and meets in between their busy time schedule to enhance the OCB level as good informal relations enable the members to work in a conducive and healthy working environment Thus, higher level of the OCB of higher officers in terms of helping, sportive, responsible behaviour, can enable them to pay more attention to update and modify academic and non- academic policies to enhance organisation image and value creation through effective working environment (Oplatka 2006).

The SDB based on the networking concept helps in creating and improving interaction-based activities, building and strengthening competencies of stakeholders that ultimately lead to co-creation of value (Chahal and Mahajan, 2014b). The SDB result reflects that higher authorities / officers or controlling officers are well competent in exhibiting their absorptive (β= 0.757) and collaborative (β= 0.998) competencies. Absorptive competencies enable the authority members to adapt themselves to changing environment, have free flow of communication, provide timely and accurate information to their peers while collaborative competencies enable the members to collaborate with their peers and other stakeholders to accomplish organisational goals in terms of achieving excellency in the higher education sector. Lusch and Vargo (2008); Chahal and Mahajan (2014b) concluded that SDB created value through integration and use of operant resources which can help in integration of all stakeholders. This might help in strengthening their competencies more and subsequently increases knowledge generation and interaction among higher authorities / officers *vis-à-vis* results in achievement of organisational goals **(**Golooba and Ahlan, 2013**).** Thus both competencies enable the higher stakeholders to adapt and collaborate with each other to attain organisational performance. The knowledge dissemination can be done by organising seminars, workshops, training courses, orientation courses for officers on required functional areas such as finance, examination, administration etc. The ultimate aim of holding such congregations is to acquaint employees of the organisation with the latest academic and non – academic developments (Chahal and Mahajan, 2014b) and such practices will widen the knowledge horizon of various stakeholders and create value for the organisation (Robson *et al.*, 2004; and Helen and Rubery, 2005).

All the dimensions except administrative services contribute to value creation in educational organisations. The study reveals that officers are satisfied with the level of teaching and research, which pave the way to value-creation in institutes of higher education. Value-creation is specifically reflected in the form of good teaching skills, providing updated knowledge to students and scholars, publications in various national and international journals, participation and high level of interaction among stakeholders, organising workshops and seminars, along with timely and accurate communication of information (Payne, Storbacks and Frow 2008; Chahal and Mahajan 2014a, 2014b). The study also reveals that higher authorities / officers ought to focus on enhancing overall performance for value-creation. This can be done by focussing on administrative level of work-like, updating policies and procedures related to functioning of departments, syllabi updation, availability and submission of forms, improving the quality of services offered, providing timely feedback to various stakeholders with regard to their performance, encouraging and administering the overall functioning of the organisation from time to time.

CONCLUSION

To conclude, sustainability of higher education organisations can be maintained by enhancing both informal and formal relations among various stakeholders (Chahal and Mahajan, 2014a, 2014b). The relationship through OCB (informal) and SDB (formal) can help in encouraging valuable interaction among various stakeholders. Further, OCB and SDL based environment in the UOJ and GNDU encourage exchange and information sharing with peers, updating and encouraging innovative and competitive initiatives for sustainable development in the higher education.

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INFLUENCE OF PERSONAL CHARACTERISTICS ON WORK-LIFE BALANCE OF WOMEN EMPLOYEES

Sugandha Verma* and T. S. Tomar**

Abstract

Purpose: *A proper fit between the work-life and the personal life of an employee is essential for the betterment of both the employee and the organization.. This study seeks to ascertain the status of the work-life balance (WLB) of women employees in banks, and to assess the influence of their personal characteristics on the WL.*

Methodology: *The data was collected from 168 respondents, using a structured questionnaire. While personal characteristics, including the age, number of dependents, family size, marital status, job experience and the commuting time, were the independent (predictor) variables , the WLB was the dependent (outcome) variable. The data was analysed through Simple Linear Regression model.*

Findings: *The study revealed the medium level of the WLB of women employees along with the significant influence and predictability of their personal characteristics on their WLB. However, the marital status was the most significant characteristics having the highest influence on working women's WLB.*

Limitations: *The variables used in this study should be applied to other samples, as well as to adapt, refine, and expand those to increase their impressive predictive ability.*

Value / Contribution: *The paper adds to the understanding of the influence of personal characteristics on the WLB of women working in the banking sector.*

Key words: *Work-life balance*, *Women employees, Commercial banks.*

INTRODUCTION

A women employee has many roles to play (e.g., employee, wife, mother, caregiver) and the excess of responsibilities over the available time, hampers the WLB and their ability to perform and gain satisfaction from the work or family domains (e.g., Greenhaus and Foley, 2007). Balancing work and personal life is a key challenge for women employees and organisations (Valcour, 2007). It has been suggested that an individual's best interest

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is served by living a balanced life. Hyman and Summers (2004) observed that women still primarily take care of domestic tasks, irrespective of their employment status. So, many women employees continue to face difficulties in balancing their job and home lives.

Kanter (1977) highlighted the issue of WLB by opening the front of research and development in the field of organisational behaviour (OB). Various human resource policies in this area are being framed by modern organisations, including, flexible work-schedules, job-sharing, non-traditional work hours, tele-commuting, autonomy and support from colleagues and supervisors (Haddock *et al*., 2006). The WLB is, thus, emerging as one of the most strategic and contemporary issues within the purview of HRM around the globe.

REVIEW OF LITERATURE

A review of available literature paves the way to a well-developed research work. Here, the review of some studies is presented in a chronological order, so that a knowledge gap can be identified for the conduct of a meaningful study.

Work-family Balance

A number of theoretical studies have been conducted to understand the interface between work and family. Greenhaus and Beutell (1985) noted that researchers needed to pay more attention employees balancing their work and family, and the associated conflict due to any imbalance. According to Staines (1980), Mac Ewen and Barling (1994), and Spain and Bianchi (1996), it was the conception of work-family balance which concentrated on the management of the job horizons and family affairs. Later on, other aspects of socialisation moved in and the traditional thought of work-family balance turned into the new version of WLB.

Work-life Balance

Drago and Kashian (2003) stressed the need to focus on work and life, rather than on work and family, recognising the needs of employees who do not have a family (e.g, childless or single workers). In defining the work–life balance, Kossek and Lambert (2004) suggested work as a paid employment and everything outside the work was life. They also asserted that life focused not only on family issues but also on life in general.

Duxbury and Higgins (2001) conducted a study among the employees of medium and large public and private organisations across Canada. They asserted that parenthood remains more difficult for women than men; work-life conflict has a negative impact on organisational performance and on employees as well; and employees with high work-life conflict make more use of Canada's Health Care System. In organisations and on the home front, the challenge of the WLB is rising to the top of many employees' consciousness. The evaluation of influence of private life and external life determinants, that is, structural and institutional factors on the WLB has been done by Kucharova (2009). In this study, analysis was based on a comparison of the situation in the Czech Republic with selected countries of Europe. The study revealed that the factors of private life influence the WLB in two facets. While one is the staging of the life-cycle in terms of the performance of work and childcare; the other second is the inter-connection of the two spheres in the lives of working parents from the perspective of gender equality in the Czech Republic, it was found that there was a high degree of identification with the current state of the division of family and the work- roles between the partners and thus, with the space in which the work and family responsibilities were combined.

In their study, Nwagbara and Akanji (2012) found that motivation and commitment were the basic elements needed for organisations to perform better and were incentivised for better organisational commitment and productivity of Nigerian women employees in Nigeria

In the Indian context, Mathew and Panchanatham (2011) observed that in the existing familial and societal set up, entrepreneurial women were overburdened and found it increasingly difficult to balance their work and life roles. A total of 227 women entrepreneurs, belonging to the various states of South India, were contacted for the survey. While the Support network, quality of health, and the time management were observed as the positive predictors of the WLB, the dependent care and role overload were the negative predictors. Even though the vast majority of respondents struggled with the WLB issues, there existed significant variations in the perception of the WLB among the various categories of women entrepreneurs, depending on the age-group, educational level, income level and the marital status. Independent sample t-test and one-way ANOVA revealed these differences significantly. The authors also noted that most of the organisations were giving high priority to the work-life balance through flexi-timings, work from home options, extended maternity leave, fitness centers, cafeteria and recreation rooms (Satyanarayana and Sreelakshmi, 2012). They examined the work-life balance of employees in the IT-enabled service sector and found that the WLB need not always be viewed as negative. Another survey of employees working at call centers in the Delhi NCR region, conducted by Agarwal (2014), revealed that a significant impact of the nature of job on the WLB and significant differences between male and female employees on the WLB perception.

Research Gap and Rationale of the Study

Most of the Human Resource Management (HRM) researchers sought to identify the relationship between the WLB and the employees'demographic factors. However, it was hard to locate the impact of personal characteristics on the WLB. Hence, this study attempts to fill this knowledge gap and to contribute to the relevant field of knowledge.

OBJECTIVES OF THE STUDY

The study has two objectives:

1. To ascertain the status of the WLB of women employees; and

2. To assess the influence of Women employees' personal characteristics on their WLB.

Hypothese of the Study

The following null hypotheses were formulated for testing:

H_{01} : Personal characteristics of women employees do not affect their WLB

H_{02} : Personal characteristics do not predict the WLB of women employees.

RESEARCH METHODOLOGY

The study is an attempt to empirically assess the influence of personal characteristics on the WLB of women employees. Women employees working in Scheduled Commercial Banks (SCBs) located in the Haridwar district of Uttarakhand state constituted the universe.

Instrument Used

The data was collected through a questionnaire developed to measure the women employees' perception of the WLB. The questionnaire was divided into two parts. The first part of the questionnaire contained the statements to rate the status of the WLB of women employees, while the second part consisted of the personal characteristics of women employees. The five-point Likert scale statements were used for the WLB, wherein the score of 5 represented ‘Strongly disagree’ and 1 meant ‘Strongly agree’ With 20 statements, the measurement tool had its scoring range from 20 to 100 for each response. A higher mean value signified the better status of the WLB on a continuum.

Variables

In this study, personal characteristics, including the age, number of dependents, size of family, marital status, job experience and the commuting time, were the independent (predictor) variables. The WLB was the dependent (outcome) variable.

Data Collection

Convenience sampling was used to collect the primary data through the questionnaire from 168 women employees in the various branches of scheduled commercial banks (SCBs)

Reliability and Validity of Questionnaire

In order to ensure the reliability of the data collected through the questionnaire for measuring the perception of the WLB women employees in the banks, Cronbach Alpha value was calculated with the help of the Statistical Package for Social Sciences (SPSS). However, the face validity of the questionnaire was also ensured by experts' opinion.

Techniques used for Data Analysis

WLB scale scores were obtained by the average of the 20 statements. For ascertaining the status of women employees' WLB in SCBs, the combined mean of 168 responses was obtained. It provided an overall mean value of the entire dataset (Bordens and Abbott, 2011). To assess the influence of personal characteristics on the WLB, Simple Linear Regression Analysis was used. The Simple Linear Regression Analysis is a method to test the influence, prediction power and the fitness of the model between the personal characteristics (independent variables) and the WLB (dependent variable). It the most commonly used test in the field of organisation behaviour (Fiksenbaum, 2014).

The Sample: The demographic profile of the respondents is shown in **Table 1.**

Table 1: Demographic Profile of Respondents

Personal characteristic	Fractions	Frequency	Percent
Age (In years)	Up to 30 years	85	50.6
	31-40 years	51	30.4
	41-50 years	16	9.5
	51 years and above	16	9.5
Marital status	Unmarried	68	40.5
	Married	84	50.0
	Widow or Divorcee	16	9.5
Type of family	Nuclear	102	60.7
	Joint	66	39.3
No. of dependents	None	34	20.2
	Up to 3	67	39.9
	4-6	51	30.4
	7 and above	16	9.5
Job experience	Up to 5 years	102	60.7
	6-10 years	34	20.3
	11-20 years	16	9.5
	21-30 years	16	9.5
Commuting time	Up to 30 Min	17	10.1
	Up to 1 Hr.	84	50.0
	Above 1 Hr.	67	39.9
	Total	**168**	**100.0**

DATA ANALYSIS AND INTERPRETATION

The obtained value of Chronbach's Alpha is 0.853, though the standardised value of Alpha is found to be 0.850 for the scale used to measure the employee's perception of the WLB. These alpha values depict the good consistency of the questionnaire and prove the sound reliability of the instrument used in social sciences (Field, 2009).

As mentioned earlier, in order to find out the overall status of the WLB of women employees in SCBs a combined mean value was obtained. The SPSS results showed that women employees have reported 3.804 as the combined mean value of their WLB which is closer to the average value of the rating scales of the questionnaire.

Using the personal characteristics we assessed their influence on the WLB of women employees in banks. Therefore, to achieve the second objective, the simple linear regression analysis is shown in the following sub-section.

WLB and Employees' Age

The Regression analysis between the WLB and the respondent's age is summarised in **Table 2**. This table consists of correlation, magnitude of influence and other information also about the relationship between the WLB and the respondents' age.

Table 2: Model Summary [b]

Results of Regression Analysis between WLB and Employees'Age

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Change Statistics					Durbin-Watson	Standard Residual
					R^2 Δ	F Δ	df1	df2	Sig. F Change		Maximum
1	0.303[a]	0.092	0.093	0.49106	0.092	15.341	1	166	0.000*	1.882	1.232

Note : a. Predictors: (Constant), Age

b. Dependent Variable: Work-Life Balance

* Significant as $p < 0.05$ at 95 % Level

The influence and prediction power of employee's age on the WLB are shown in Table 2. The value of R (0.303) represents the medium-level correlation between the WLB and the employee's age. The value of R^2 is 0.092, which shows that the age accounts for 9.2 per cent of the variations in the WLB. The adjusted R^2 with the value of 0.093 or 9.3 per cent confirms that with this value the regression model would predict the different set of data. The standard error of the estimate shows the fitness of the model. The values under the change statistics show whether the change in R^2 is significant or not. So, the change statistics confirms the prediction capacity of this model by adding new predictors. The value of the Durbin-Watson test is 1.882, which suggest that the residuals are uncorrelated, being a requisite for a good model. The maximum value of the standard residual (1.232) is lower than 2.58 and 1.96, at 1 per cent and 5 per cent level of significance , respectively, which is a confirmation to prove the model to be good. It is found that, the employee's age has 9.2 per cent influence on WLB and 9.3 per cent predictability.

ANOVA Values (WLB and Age)

The ANOVA values based on the regression model between the WLB and the age are shown in **Table 3**, which represent the overall goodness of fit of the model.

Table 3: ANOVA [b] (WLB and Employees'Age)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.633	1	4.633	15.341	0.000*[a]
	Residual	50.125	166	0.302		
	Total	54.758	167			

Note :a. Predictors: (Constant), Age (in years)
b. Dependent Variable: Work-Life Balance
* Significant as $p < 0.05$ at 95 % Level

As shown in the table, the F-Ratio is 15.341 and it is significant at the 5 per cent level. Thus, our regression model based on the age has a significant influence and the prediction power of the WLB of women employees. Alternatively, this model of regression between the WLB and the age depicts the overall significant and sound prediction power.

WLB and Employees' Marital Status

The results of the simple linear regression analysis between the WLB and the employee's marital status are shown in **Table 4**. These results also comprise of the correlation, extent of influence, and the level of predictability, etc. related with the WLB and the marital status of the employee.

Table 4: Model Summary [b]

Results of Regression Analysis between WLB and Marital Status

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Change Statistics					Durbin-Watson	Standard Residual
					R^2 Δ	F Δ	df1	df2	Sig. F Change		Maximum
1	0.756[a]	0.572	0.579	0.41021	0.572	152.959	1	166	0.000*	2.146	1.240

Note :a. Predictors: (Constant), Marital Status
b. Dependent Variable: Work-Life Balance
* Significant as $p < 0.05$ at 95 % Level

As shown in the table, the value of R is 0.756, which represents a large correlation between the WLB and the employee's marital status. The value of R^2 0.572, shows that marital status of women employees influences their WLB with 57.2 per cent predictability. Adjusted R^2 conveys that with 0.579 or 57.9 per cent predictability, this regression model can predict another set of data. The standard error of the estimate suggests the goodness of the model. The change statistics show the significant difference made by adding new predictors to this model. The value of Durbin-Watson test is 2.146, which suggests that the residuals are not correlated. The maximum value of the standard residual is 1.240, which is less than 2.58 and 1.96 (at 1 per cent and 5 per cent level of significance, respectively), confirms the sound predictability of our model. So, it may be inferred that marital status has 52.7 per cent influence on the WLB with 52.9 per cent predictability.

ANOVA Values (WLB and Employees' Marital Status)

The ANOVA test of the regression analysis between the WLB and the marital status, which shows the overall fitness of the model, is summarised in **Table 5**.

Table 5: ANOVA [b] (WLB and Marital Status)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26.156	1	26.156	152.959	.000*[a]
	Residual	28.489	166	0.171		
	Total	54.645	167			

Note : a. Predictors: (Constant), Marital Status
b. Dependent Variable: Work-Life Balance
* Significant as $p < 0.05$ at 95 % Level

As shown in the table, the F-Ratio is 152.959 and it is significant at 5 per cent level. It also validates that this regression model, on the basis of employee's marital status, has a great influence and is good to predict the WLB of women employees.

WLB and Employees' Family Type

The model summary has been depicted in Table 6 between the WLB and the type of family is given in **Table 6** correlation, size of impact, degree of prediction etc regarding the WLB and the type of family are also shown in the table.

Table 6: Model Summary [b]

Results of Regression Analysis between WLB and Type of Family

					Change Statistics					Durbin-Watson	Standard Residual
Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	R^2 Δ	F Δ	df 1	df2	Sig. F Change		Maximum
1	0.560[a]	0.314	0.316	0.46537	0.314	80.889	1	166	0.000*	2.071	1.462

Note: a. Predictors: (Constant), Type of Family

b. Dependent Variable: Work-Life Balance

* Significant as $p < 0.05$ at 95 % Level

The Model Summary shown in the table reveals the value of R to be 0.560, which indicates the medium-level correlation between the WLB and the type of employee's family. The value of R^2 is 0 .314, which means that type of family has an impact of 31.4 per cent on the WLB. The value of adjusted R^2 denotes that our regression model can predict an entirely different set of data with 0.316 or 31.6 per cent. The value of the standard error of the estimate embodies the model fitness. Values of change statistics signify the difference significantly made by adding other predictors to the model. The value of the Durbin-Watson test is 2.071, which stands for the unrelated residuals. The maximum value of the standard residual (1.462) is below 2.58 and 1.96 (at the 1 per cent and 5 per cent level of significance, respectively), which again represents a good prediction model. As a result, it is found that type of family has an influence of 31.4 percent over the WLB with predictive ability of 3.16 per cent.

The results of ANOVA test between WLB and type of family, which forms the part of regression analysis, are presented in Table 7. These results report the overall fit of the model.

WLB and Family Type

Table 7: ANOVA [b] (WLB and Family Type)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.634	1	17.634	80.889	.000*[a]
	Residual	36.206	166	0.218		
	Total	53.840	167			

Note : a. Predictors: (Constant), Type of Family

b. Dependent Variable: Work-Life Balance

* Significant as $p < 0.05$ at 95 % Level

As shown in the table, the value of the F-Ratio is 80.889, which is significant at the 5 per cent level of significance. This indicates that the regression model, developed on the ground of the type of family, has an influence on the WLB and it is a good predictor of the WLB also.

WLB and Employees' Dependents

The results of regression analysis between the WLB and the number of dependents are summarised in **Table 8**. The related correlation, magnitude of influence, size of predictability, etc. have also being represented in this table.

Table 8: Model Summary [b]

Results of Regression Analysis between WLB and Number of Dependents

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Change Statistics					Durbin-Watson	Standard Residual
					$R^2\ \Delta$	F Δ	df1	df2	Sig. F Change		Maximum
1	0.572[a]	0.328	0.324	0.47487	0.328	78.786	1	166	0.000*	1.940	0.848

Note : a. Predictors: (Constant), No. of Dependents
b. Dependent Variable: Work-Life Balance
* Significant as $p < 0.05$ at 95 % Level

As exhibited in the table, the R value is 0.572, which shows the medium- level of correlation between the WLB and number of employee's dependents. The value of R^2 is found to be 0.328, which makes it evident that the number of dependents of women employees has 32.8 per cent impact on their WLB. The adjusted R^2 reveals that our regression model contains the prediction capacity of 0.324 or 32.4 per cent for different dataset. The standard error of the estimate indicates the fit of the model. Change statistics confirm the significant difference on the addition of new predictors to the model. The Durbin-Watson test with the value of 1.940 shows the unrelated residuals. The maximum value of the standard residual (0.848) is less than 2.58 and 1.96, at 1 per cent and 5 per cent level of significance, respectively, which suggests that our model is good for the prediction of the WLB. Hence, it can be concluded that number of dependents of the women employees in the SCBs has 32.8 per cent impact over their WLB, with predictability of 32.4 per cent.

The analysis of variance, on the basis of regression model between the WLB and the number of dependents, is summarized in **Table 9**. The overall fitness of the model has been established through these results.

Table 9: ANOVA [b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.648	1	17.648	78.786	.000*[a]
	Residual	37.131	166	0.224		
	Total	54.779	167			

Note : a. Predictors: (Constant), No. of Dependents
b. Dependent Variable: Work-Life Balance
* Significant as $p < 0.05$ at 95 % Level

From the table, we notice that the value of F-Ratio (78.786) is significant at the 5 per cent level. It establishes that our regression model based on the number of dependents of women employees is a good predictor of the WLB. It is also found that the number of dependents has a significant influence on the WLB of women employees in the SCBs.

The model summary of the regression analysis between the WLB and the job experience is shown in **Table 10**. Besides that, the level of correlation, extent of influence, degree of prediction power, etc., are also been reported here about the WLB and the job experience.

Table 10: Model Summary [b]

Results of Regression Analysis between WLB and Job Experience

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Change Statistics					Durbin-Watson	Standard Residual
					R^2 Δ	F Δ	df1	df2	Sig. F Change		Maximum
1	0.325[a]	0.106	0.101	0.52317	0.106	18.241	1	166	0.000*	1.715	1.429

Note : a. Predictors: (Constant), Job Experience

b. Dependent Variable: Work-Life Balance

* Significant as $p < 0.05$ at 95 % Level

As shown in the table, the R value of WLB and the job experience in the table of model summary is 0.325. It indicates the medium level of the correlation between the WLB and the job experience. The value of R^2 (0.106), suggests that the job experience influences only 10.6 per cent of respondents' over the WLB. The value of the adjusted R^2 shows 0.101 (or 10.1 per cent) predictability of this regression model for another dataset. The standard error of the estimate indicates the goodness of the model. However, the change statistics present a significant difference, by adding new predictors to the model. The value of the Durbin-Watson test (1.715) suggests that the residuals are unrelated, which satisfies the requirement of an ideal model. The maximum value of the standard residual (1.429), is less than 2.58 and 1.96 at 1 per cent and 5 per cent level of significance, respectively. It represents the fit of this model for the prediction of the WLB. Thus, it is confirmed in case of the job experience also it has an influence of 10.6 percent with 10.1 per cent predictability, on the WLB of women employees in the SCBs.

WLB and Job Experience

The values obtained from the ANOVA test between the WLB and the job experience are presented in **Table 11**. This portion of regression analysis depicts the overall goodness of the model.

Table 11: ANOVA [b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.436	1	5.436	18.241	.000*[a]
	Residual	49.614	166	.298		
	Total	55.050	167			

Note : a. Predictors: (Constant), Job Experience

b. Dependent Variable: Work-Life Balance

* Significant as $p < 0.05$ at 95 % Level

As revealed by the table, the value of F-Ratio is 18.241 and it is significant at the 5 per cent level of significance. It shows the significant influence and the sound prediction power of our regression model based on the job experience for the WLB of women employees.

WLB and Commuting Time

Commuting time is the last personal characteristic to be tested. Its related model summary with respected to the WLB is presented in **Table 12**. Furthermore, then correlation status, extent of influence, size of predictability, etc between these two variable are also shown.

Table 12: Model Summary [b]

Results of Regression Analysis between WLB and Commuting Time

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Change Statistics					Durbin-Watson	Standard Residual
					R^2 Δ	F Δ	df1	df2	Sig. F Change		Maximum
1	0.306[a]	.094	0.089	0.56424	0.094	18.890	1	166	0.000*	1.885	1.064

Note: a. Predictors: (Constant), Commuting Time

b. Dependent Variable: Work-Life Balance

* Significant as $p < 0.05$ at 95 % Level

As shown in the table, the R value is 0.306, which denotes the medium level of correlation between the WLB and commuting time. The value of R^2 (0.094) shows that the commuting time has 9.4 per cent influence on the WLB. Adjusted R^2 truly represents 0.089 or 8.9 per cent predictability of this regression model for different sets of data. The value of the standard error of the estimate shows that our model is an ideal one. The values under the change statistics depict significant difference made on the addition of new predictors to the model. Further, the Durbin-Watson test value is 1.885, which means that the residuals are unrelated. It fulfills the requirement for a good model. The maximum value of the standard residual is 1.064, which is lower than 2.58 and 1.96 (at 1 per cent and 5 per cent levels of significance, respectively), proves that our model is good to predict the WLB. Thus, the commuting time has an impact of 9.4 percent on the WLB of women employees, with 8.9 per cent prediction capacity.

ANOVA

On the basis of the simple linear regression analysis, the results of analysis of variance (ANOVA) are shown in **Table 13,** which report the overall fitness of the model.

Table 13: ANOVA [b](Overall Fitness)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.667	1	5.667	18.890	.000*[a]
	Residual	49.891	166	.300		
	Total	55.558	167			

Note: a. Predictors: (Constant), Commuting Time

b. Dependent Variable: Work-Life Balance

* Significant as $p < 0.05$ at 95 % Level

From the table, we note that with the F-Ratio of 18.890, the significant probability of F (ANOVA) confirms the significant influence of commuting time on the WLB. It is also a good predictor of the WLB of women employees in banks.

Findings

The obtained value of the combined mean, calculated to find out the status of the WLB, confirms the medium level of the WLB among women employees.

The simple linear regression analysis shows that all of the six personal characteristics have significant influence on the WLB. So, the first null hypothesis of the study, namely, the personal characteristics do not impact the WLB of women employees, is rejected.

The Simple linear regression analysis also reveals that all the personal characteristics are good predictors of the WLB, the dependent variable. Therefore, the second null hypothesis that the personal characteristics do not predict the WLB of women employees, is also rejected.

Furthermore, the values of the Durbin Watson Test (see Tables 2, 4, 6, 8, 10 and 12) are near about 2, and show that the residuals are unrelated. Similarly, these tables of model summary also represent the much closer values of the Adjusted R^2 and R^2, which indicate the very good cross validity of all the six models. Additionally, the change statistics shown in Tables 2, 4, 6, 8, 10 and 12 with a significant FΔ, resemble their respective closer value of the significant F (see Tables 3, 5, 7, 9, 11, and 13). All these results of the Durbin Watson Test and the ANOVA simply put forth the features of good regression models used in the study. The maximum values of the standard residual, shown in Tables 2, 4, 6, 8, 10, and 12, are less than 2.58 and 1.96 at 1 per cent and 5 per cent levels of significance respectively. It suggests that all the six regression models based on the personal characteristics are good (Field, 2009). Taken together, our observations report that the personal characteristics significantly influence and predict the WLB of women employees in SCBs.

CONCLUSION AND POLICY IMPLICATIONS

The medium level of the WLB status has been found along with the significant influence and predictability of the personal characteristics over the WLB of women working in SCBs. However, it is important to note here that the marital status has emerged as the single most significant characteristic having the highest influence on the WLB of women employees. The number of dependents, type of family, job experience, commuting time and the age are also observed as the impacting factors of the WLB. The influencing magnitude of these variables is noted in the descending order.

Our study provides important implications for policy and practice. The average status of the WLB among women employees calls for the initiatives to be taken in this direction. The results indicate that such attempts could have substantial benefits for the WLB of working women. This study also reinforces that married women employees need some unique policy formulation from the bank authorities. It is hoped that this study should encourage researchers to apply our approach to other samples, and to adapt, refine, and expand it to increase its existing predictive ability.

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"I'm convinced that about half of what separates the successful entrepreneurs from the non-successful ones is pure perseverance."

Steve Jobs
Co-founder, CEO
Chairman, Apple Inc.

ROLE OF FINANCIAL CAPITAL AND EXPERIENCE IN WOMEN ENTREPRENEURSHIP AND EMPOWERMENT
A Study of SMEs in Ahmedabad

Gurjeet Kaur* and Stanzin Mantok**

Abstract

Purpose: *The study seeks to examine the role of financial capital and experience in the entrepreneurship and empowerment of women.*

Research Methodology: *A total of 169 women entrepreneurs were surveyed from amongst small and medium enterprises (SMEs), located in the Ahmedabad city of Gujarat. The statistical tools of confirmatory factor analysis (CFA) and structural equation modelling (SEM)were used for data analysis.*

Results*: The study has revealed that venture capital, experience and expertise are the major determinants of women entrepreneurship. Psychological empowerment appears to be the outcome of women entrepreneurship in an emerging economy.*

Limitations: *The study is limited to one city only. Its findings, therefore, cannot be generalised for the entire country.*

Originality/Value: *The study contributes to the existing research by examining the factors that prompt a woman to become an entrepreneur, which ultimately lead to her empowerment that may be of immense help to inspire women entrepreneurs to start new business venture.*

Key words: *Women entrepreneurship, Financial capital, Experience and expertise, Women empowerment*

INTRODUCTION

Entrepreneurship has gained attention of researchers during the recent decades due to its significance as the growth engine for an economy. In a developing economy, like India, entrepreneurship is an indispensible tool for eradicating poverty and unemployment, which, in turn, ensure rapid economic development. In spite of the fact that entrepreneurship plays a crucial role in a developing economy, research in entrepreneurship is mainly confined to advanced economies, like the United States (Gupta, Turban, Wasti and Sikdar, 2009). This is equally true for the issues concerning women entrepreneurship, as numerous studies are theorised and experimented in the context of developed Western countries

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(Welter, Smallbone & Isakova, 2006).

A developing economy witnesses a slower growth of women entrepreneurship as compared to developed ones due to the socio-cultural and financial hindrances. Easy access to adequate source of finance is a prerequisite for emergence and rapid growth of entrepreneurship. Entrepreneurship researches have revealed that financial capital is a must for entrepreneurship (de Bettignies & Brander, 2007; Kim, Aldrich & Keister, 2006). Larger financial capital enables entrepreneurs to adopt myriads of strategies to start and administer their business smoothly (Pena, 2002). Yet, having an access to adequate financial capital is not sufficient to start and operate business venture without sound business acumen and expertise in managing an enterprise. Experience, knowledge and ability are the key factors that govern the promotion and development of entrepreneurship (Brandstatter, 2011). Prior experience is the vital component of an entrepreneurship, which shows the degree of growth of a manager's know-how and capability.

Women entrepreneurs in emerging economy, like India is found to be actively engaged in collective entrepreneurship as a means to secure economic and psychological empowerment (Datta & Gailey, 2012). The revenue earned by running enterprise enables a women entrepreneurs to gain bargaining power in family matters, take decisions on their own and take personal actions to bring about positive changes in their life (Datta & Gailey, 2012), which consequently empower them psychologically. Although conventionally male are thought to be more entrepreneurial oriented as compared to women across the world (Minniti, Arenius & Langowitz, 2005), but entrepreneurial activities tend to be more among women in emerging economies as compared to advanced countries (Bosma & Harding, 2006).

The present study makes three contributions to the existing literature. First, it explains how far availability of financial capital determines woman's entry into entrepreneurship. Second, it explores the role of entrepreneurial experience and expertise possessed by women in starting and running business venture. Last, the study encapsulates the issue of women empowerment, i.e., whether entrepreneurial orientation helps in promoting empowerment among women in the society.

REVIEW OF LITERATURE

Selected studies on women entrepreneurship, and its antecedents, like financial capital, expertise and experience, and its consequence, like empowerment, are reviewed in the following paragraphs.

Financial Capital and Women Entrepreneurship

According to Coleman (2007), financial capital is a firm's capability in procuring external capital and comprises of factors that affect the owner's access to raise external capital and his/her willingness to use it. During the recent decades, women entrepreneur's capability to secure adequate finance has been one of the subject matters of entrepreneurial research (Orser, Riding & Manley, 2006). Bygrave, Hay, Ng and Reynolds (2002, p. 105) stated the importance of venture capital as, "Entrepreneurs are the engines that drive new companies, and financing is the fuel that drives them. Hence, financial support, especially equity finance for starting a company, is an important entrepreneurial framework condition." Easy access to more financial capital increases the earning capacity of the firm (Honig, 1998). In this regard, Cetindamar, Gupta, Karadeniz and Egrican (2012) assessed the impact of financial capital on entrepreneurial orientation and found that financial capital is essential for starting an enterprise. Women entrepreneurs with easy access to financial capital generally find it easy to survive and grow in market. Entrepreneur's family financial support and business partner's capital help them to grow their business smoothly. Thus, women entrepreneurs with adequate financial capital have good potential to emerge as a successful entrepreneur.

Although the popular media is replete with stories about entrepreneurs who started with negligible financial capital, there seems to be a general agreement that entrepreneurship is enhanced by access to more finance (Marlow & Patton, 2005). A larger amount of financial capital provides entrepreneurs with more flexibility to undertake a wider array of strategies to start and manage their businesses (Pena, 2002). An implicit economic assumption in the existing literature is that those with sufficient available financial resources have better chances of succeeding as an entrepreneur. The perceived relationship between financial capital and entrepreneurial success has led researchers and policy-makers to consider availability of loans, angel funding and venture capital to entrepreneurs as key reasons for the higher rate of entrepreneurial activity in the US, compared to many other countries in the world (Gupta & York, 2008). In most developing countries, people are dependent on their income to weaken the financial constraints they may confront in starting their business (Smallbone & Welter, 2001).

Entrepreneur's Experience and Expertise

As a business firm grows, the entrepreneurs gain valuable knowledge in the form of experience and expertise. Education and past experience are the core constituents of a firm's human capital, which show the extent of development, managerial know-how and capability (Becker, 1993) and, thus every entrepreneur needs to lay emphasis on acquiring new knowledge and keep updating the existing knowledge, which, in turn, assists in achieving desired output level. Researchers have proven that there is a strong significant relationship between the previous work experience in the same industry or business line and the firm's success (Bruderl, Preisendorfer & Ziegler, 1992). Professional entrepreneurs who are well- conversant with entrepreneurial skills are likely to spend minimum time in matters, like collecting and analysing the information as they are already well-versed with industry and institutional infrastructure (Forbes, 2005). Therefore, experienced women entrepreneurs have high possibility of accomplishment of their entrepreneurial goals. Well-trained and professional entrepreneurs can achieve high business growth as a result of better technology, increased professionalism and legitimacy that accompany their business initiatives (Peng, 2001). Though, Lyles and Baird (1994) argued that the managerial experience and technical know-how learnt previously may not be helpful in a new assignment, as they may become irrelevant to new role. However, Wiklund and Shepherd (2003) found that highly qualified and experienced entrepreneurs witness growth rate at faster pace with growth aspiration. In this regard, Manolova, Carter, Manev and Gyoshev (2007) noted that the growth potential of a woman-owned firm is substantially affected by the advantages derived from the past experience and the factors influencing the growth potential of women-owned firms differ substantially as compared to those owned by men, due to the unique socialisation experience of women. Shaver and Scott (1991) aptly argued that the people who are better able to look for and process the information are more likely to be successful at opportunity recognition than other people.

Entrepreneurship and Empowerment

Empowerment of women is one of the most-discussed contemporary issues in social and behavioural science. Empowerment is defined as the motivational process of a person's experience of feeling empowered (Corsun & Enz, 1999). Empowerment implies granting authority to exercise personal discretion on one's own conduct at work place. There seems to be unanimity on the view that empowerment is a process (Kabeer, 2005) rather than a purpose (Akhter & Ward, 2009). Further, its implication is concerned with less empowered individuals (GlenMaye, 1998). Extant literature primarily relates empowerment with women (Elson, 1999; Wieringa, 1994), which pertains to the process and agency in which women are important contributor and actors in the change process (Mehra, 1997). Indeed, "unless the intervening processes involve women as agents of that change rather than merely as its recipients, the overall process would not be considered or defined as empowerment" (Malhotra and Dash, 2013). Conger and Kanungo (1988) termed entrepreneurship as the motivational approach of self-efficacy. Having reviewed pertinent literature, Thomas and Velthouse (1990) advocated that empowerment is reflected in various form and its crux cannot be explained by a mere single concept.

They defined empowerment as enhanced inner motivation reflected through a set of four psychic expressions in one's perception of his/her work, i.e., meaning, competence, self-determination and impact. Kabeer (1999) described empowerment as increasing individual's strength to take decisions especially in the circumstances restricting the exercise of this strength. Field of entrepreneurship provides enormous scope to women entrepreneurs for exercising their latent psychological abilities and personal skills to attain life goals. This autonomy in exercising capabilities helps them feel highly empowered.

Entrepreneurial tendency of an aspiring woman entrepreneur enables her to secure psychological autonomy, which helps her to feel empowered. Datta and Gailey (2012) reported that women entrepreneurs in developing economies, like, India actively pursued their career in entrepreneurship to gain financial and social empowerment. Women entrepreneurs witness good results of their being an entrepreneur in social, business and individual life (Ufuk & Ozgen, 2001). Abbasian and Bildt (2009) advocated that entrepreneurship is perceived as a result oriented profession to secure empowerment among modern educated women. The entry to entrepreneurship makes women feel psychologically and economically independent, which subsequently helps them feel empowered.

Limited research studies have been conducted on women entrepreneurship in emerging economies. Therefore the present study seeks to bridge this gap by studying the role of financial capital and experience in promoting women entrepreneurship, which eventually improves women empowerment. Moreover, most of the previous studies are qualitative in nature, so there is lack of quantitative study, which shall be addressed by the present study.

OBJECTIVES OF THE STUDY

The study has the following objectives:

1. To examine the role of financial capital in inspiring women to commence business venture;

2. To investigate the role of experience and expertise of a woman to start a new business venture; and

3. To examine the strategic importance of entrepreneurial drive in empowering women empowerment in the society.

Hypotheses

The following hypotheses were formulated for testing:

H_{01}: Financial capital has a significant role in promoting women entrepreneurship.

H_{02}: The experience and expertise of a woman have significant role in promoting entrepreneurship.

H_{03}: Entrepreneurship leads to empowerment of women.

RESEARCH METHODOLOGY

Sample Design and Data Collection

In order to test the hypotheses, the data was collected from 169 registered SMEs women entrepreneurs from Ahmedabad (one of the highly industrialised cities of India). The rationale behind choosing the Ahmedabad city is that the population of women entrepreneurs is larger in Ahmedabad as compared to other districts of the state (Census 2011, Government of India, Gujarat state). A list of 574 registered women SME units engaged in manufacturing was obtained from the Gujarat Chambers of Commerce and Industry (GCCI-women wing), Ahmedabad. The sample units were engaged in chemical, dyes and intermediates and hosiery and textiles. A structured questionnaire was developed to gather the required information. Based on the five-point Likert scale, a survey instrument was constructed for gathering requisite data pertaining to the research question.

Generation of Scale-items

The study used four major constructs, *viz*., women entrepreneurship, experience and expertise, financial capital and women empowerment, so as to accomplish the objectives of the study **(Table 1)**. In order to understand the women entrepreneurship of SMEs in Ahmedabad, three items each of three dimensions of entrepreneurial orientation, i.e., innovativeness, pro activeness and risk-taking were adopted (Covin & Slevin, 1989). The study borrowed eight items to measure experience and expertise of women entrepreneurs (Bontis, 1998) while self-developed eight items were used for financial capital. Furthermore, empowerment of women was measured through competence (Jones, 1986), self-determination (Hackman & Oldham, 1980) and impact (Ashforth, 1989), which comprised three items each. These three dimensions are important to determine empowerment as they reflect different forms of increased inner motivation (Thomas & Velthouse, 1990). A 5-point Likert scale was used for each item ranging from 'strongly disagree' (1) to 'strongly agree' (5).

Table 1: Generation of Scale Items

Construct	Source
Financial Capital	Self developed
Experience and Expertise	Bontis (1998)
Women Entrepreneurship	Covin and Slevin (1989)
Women Empowerment	Jones (1986); Hackman and Oldham (1980) and Ashforth (1989).

Note: Previous literature for item generation.

DATA ANALYSIS AND INTERPRETATION

The study used two different techniques to analyse the common method variance (Podsakoff, MacKenzie, Lee & Podsakoff, 2003). First, confirmatory factor analysis (CFA) single-factor model was used in which all the manifest variables of the latent constructs were loaded onto first-order CFA and in this regard, the study revealed poor model fit (CMIN/df= 9.85; GFI= .41; AGFI= .32; NFI= .15; TLI= .12; CFI=.16; RMSEA=.18). Second, we examined the correlation matrix of the latent constructs and found that 0.575 is the greatest value in the correlation matrix **(Table 2)**, which is less than the threshold limit of 0.90 (Pavlou, Liang & Xue, 2006). Thus, these results confirm that the common method variance is not a problem in the present study.

Descriptive Statistics

Table 2 shows the mean, standard deviation and correlation co-efficient of control variables, viz., firm's age, firm's size, manager's age and qualification, and the main variables, *viz.*, women entrepreneurship, financial capital, experience and expertise, and empowerment.

Table 2: Mean, Standard Deviation and Correlation Matrix

S. No.	Variable	Mean	S.D	1	2	3	4	5	6	7	8
1.	Firm Age	13.64	9.31	--							
2.	Firm Size	16.13	14.83	0.317*	--						
3.	Manager's Age	52.63	6.62	0.158	0.317*	--					

4.	Qualification	3.68	1.16	-0.271	-0.158	0.575**	--				
5.	Women Entrepre-neurship	4.29	0.57	0.008	-.271	0.052	0.009	--			
6.	Financial Capital	3.88	0.65	-0.103	0.306	0.056	-0.016	0.248	--		
7.	Experience and Expertise	4.36	0.32	0.030	0.007	0.183	0.074	0.285	0.040	--	
8.	Women Empower-ment	4.30	0.45	-0.305	0.019	0.066	0.077	0.266	0.098	0.043	--

Note: S.D= Standard Deviation, $n = 169$; * $p < 0.05$; ** $p < 0.01$; *** $p<0.00$ (2-tailed).

As shown in the table, the average age of the firm is 13.64 years, while that of the manager is 52.63 years. In addition, the highest correlation exists between women entrepreneurship and their experience and expertise whereas the lowest correlation is being observed in case of financial capital and experience and expertise.

CFA was performed to assess fitness, reliability and validity of latent construct. Fit indices of measurement model reveal that the Chi-square statistics was less than recommended 5.0 level and GFI, AGFI, NFI, TLI and CFI values exceeded the recommended value of .90 (Inman, Lair & Green, 2009; Hoe, 2008).

Reliability and Validity of the Constructs

Alternative way of testing reliability is through composite reliability and in the present study; the value of composite reliability of all the latent constructs is above .90, which indicate internal consistency of the data. The dimension-wise composite reliability, average variance extracted and the Cronbach alpha are shown in **Table 3.** The table reveals that the threshold criterion for establishing reliability and validity through AVE, composite reliability and Cronbach's alpha stands fulfilled.

Table 3: Reliability and Validity of Latent Constructs

S. No.	Constructs	Average Variance Extracted	Composite Reliability	Cronbach's Alpha
1.	Financial Capital	0.967	0.994	0.798
2.	Experience and Expertise	0.946	0.992	0.776
3.	Women Entrepreneurship	0.992	0.991	0.790
4.	Women Empowerment	0.992	0.993	0.736

In addition, validity of the scale has been established through construct validity, which includes convergent validity (Lim & Ployhart, 2006) and discriminant validity (Fornell & Larcker, 1981).

The descriptive statistics of principal constructs of the study are shown in **Table 4**. Convergent validity has been established through factor loading and average variance extracted and it gets established as majority of factor loadings and average variance extracted are above .50.

Table 4: Descriptive Statistics of Measurement Models

Construct	Mean	S.D	SRW	t-Value	AVE	CR	α-Value
1. Financial Capital					**0.967**	**0.994**	**0.798**
Help through bank loan to grow business	3.98	0.862	0.881	4.533			
Willing to apply for loans as and when required	4.25	0.809	0.660	--			
Confident of acquiring funds	4.23	0.920	0.895	4.552			
Earned money making more confident	4.63	0.490	0.472	2.693			
Difficulty without financial support from family	4.40	0.632	0.475	2.709			
2. Experience and Expertise					**0.946**	**0.992**	**0.776**
Low labour-turnover ratio	3.35	0.975	0.635	2.886			
Self-respect	4.05	0.815	0.505	2.513			
Cost-effectiveness	3.83	0.844	0.872	--			
Higher productivity	4.33	0.694	0.517	2.560			
3. Women Entrepreneurship					**0.992**	**0.991**	**0.790**
(a) Innovativeness							
Focus on product already tried	4.30	0.464	0.659	3.892			
Launching of new product line	4.25	0.439	0.856	4.539			
Radical changes in product line	4.05	0.677	0.776	-			
(b) Risk-taking							
High-risk appetite	4.50	0.506	0.830	5.216			

Goal-oriented	4.48	0.506	0.761	4.901			
Aggressive exploitation of opportunities	4.40	0.591	0.839	-			
(c) Proactiveness							
Imitativeness in action	4.53	0.506	0.930	2.239			
Initiative-oriented	4.53	0.506	0.858	2.291			
New product and technology	4.30	0.564	0.372	-			
4. Women Empowerment					**0.992**	**0.993**	**0.736**
(a) Competence							
Self-confidence	4.25	0.494	0.503	--			
Self-assurance	4.10	0.841	0.909	4.176			
Mastery over work	4.08	0.859	0.952	4.212			
(b) Self-determination							
Self-autonomous	4.48	0.506	0.795	5.832			
Decision-making capability	4.45	0.552	0.864	6.319			
Work-freedom	4.50	0.555	0.878	--			
(c) Impact							
Self-impact on work	4.35	0.770	0.957	--			
Control over firm	4.35	0.736	0.904	8.352			
Influence over firm's routine	4.20	0.723	0.503	3.681			

Note: S.D= Standard Deviation; SRW= Standard Regression Weight; AVE= Average Variance Extracted; CR= Composite Reliability.

Discriminant validity analysis is estimated to examine the degree to which a construct is distinct from other constructs (Hair, Black, Babin, Anderson & Tatham, 2009).

Table 5 shows that each explained variance estimate on the diagonal is greater than the corresponding inter-factor squared correlation estimates below the diagonal (Malhotra, 2007). Thus, discriminant validity gets established, thereby implying that major constructs are unique.

Table 5: Discriminant Validity of Latent Constructs

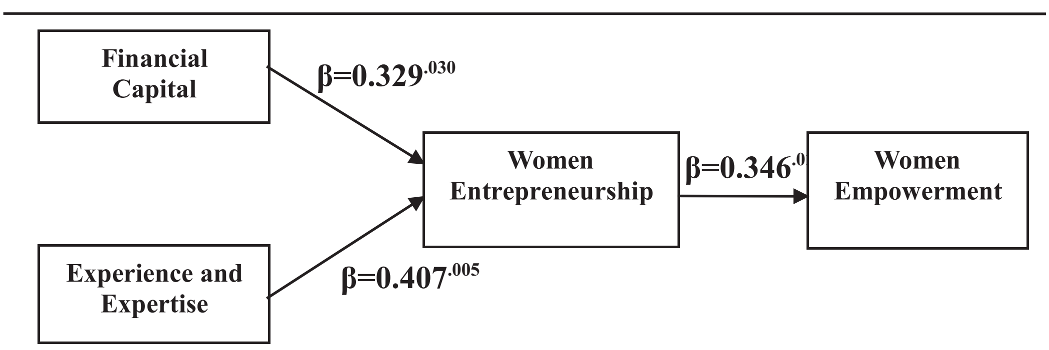
S.No.	AVE	Financial Capital	Experience and Expertise	Women Entrepreneurship	Women Empowerment
1.	Financial Capital	**(0.967)**			
2.	Experience and Expertise	0.0125	**(0.946)**		
3.	Women Entrepreneurship	0.0056	0.0077	**(0.992)**	
4.	Women Empowerment	0.0062	0.3010	0.2471	**(0.992)**

Note: Average Variance Extracted (AVE) on the diagonal and squared multiple correlation between constructs below the diagonal.

Hypothesis Testing through Structural Equation Modelling (SEM)

We examined all hypotheses using the SEM, as shown in **Figure 1**. The figure shows the relationship between financial capital, experience and expertise and women entrepreneurship as well as the link between women entrepreneurship and empowerment. The proposed three relationships turn out to be significant, thereby indicating that study hypotheses stand accepted.

Figure 1:
Structural Model of Financial Capital, Experience and Expertise inPromoting Women Entrepreneurship and Empowerment



Note: CMIN/df= 2.481/2; χ^2 = 1.241; GFI=0.970; AGFI= 0.951; NFI= 0.912; TLI=0.920; CFI= 0.941; RMSEA=0.072 and RMR= 0.029.

The SEM results reveal that the financial capital (β=0.329, t=2.174, *p*=0.030), and experience and expertise (β=0.407, t=2.798, *p*=0.005) are the significant factors determining women entrepreneurship. It leads to the acceptance of H_{o1} and H_{o2}. Moreover, women entrepreneurship is positively and significantly related to women empowerment (β=0.346, t=2.306, *p*=0.021). Thus, women empowerment is the resultant outcome of women entrepreneurship, which leads to the acceptance of H_{o3}.

Table 6 represents the results of the proposed relationships.

Table 6: Results of Structural Equation Model

Relationships	SRW	t-Value	'p'
Financial Capital → Women Entrepreneurship	0.329	2.174	0.030
Experience and Expertise → Women Entrepreneurship	0.407	2.798	0.005
Women Entrepreneurship → Women Empowerment	0.346	2.306	0.021

Note: SRW= Standardised Regression Weight

Policy Implications

The study contributes to the relevant literature in two different ways; First, most of the existing studies on women entrepreneurship primarily focused on identification of problems being faced by women entrepreneurs and finding their solution, but we moved a step further by exploring the latent factors that prompt a woman to become an entrepreneur and resultant outcome of starting a business unit. Secondly, the present study examines how entrepreneurial orientation of a woman enables her to achieve sense of empowerment. The findings of the study shall facilitate government agencies to devise appropriate programmes and policies for encouraging and promoting women entrepreneurship in a country.

The results of the study have certain inferences, which need proper attention of government, academicians, policy makers and society at large. Though women belonging to business family in Gujarat enjoy easy social acknowledgement of being an entrepreneur, yet first generation women entrepreneurs need special care and social acceptance of society to encourage budding young entrepreneurs. Policy-makers are required to introduce appropriate schemes or programmes so as to encourage more and more young women to embark upon becoming a successful entrepreneur. Financial institutions and friends are found to be reluctant in providing financial aid to newly created women owned firms. Hence, it is the need of the hour that various financial institutions accord equal consideration without any gender discrimination while extending financial assistance. Moreover, the concept of interest subvention has to be introduced by government agencies to persuade young women entrepreneurs to avail loan facilities from financial institutions. Traditionally, woman is seen as house maker in Indian society but this social barrier is weakening in the recent past decades and women are assuming versatile role in every walks of life.

CONCLUSION

The purpose of the study is to examine the factors determining women entrepreneurship and its consequences in an emerging economy context like India. The study found that financial capital and entrepreneur's experience and expertise play important role in promoting women entrepreneurship. This result is consistent with the previous studies like Coleman (2007) and Cetindamar *et al.* (2012). In any society, becoming an entrepreneur is considered as an uphill task, as it involves accumulation of social support, procurement of sound human resources, raising adequate financial capital and above all, making things happen in most desired way. Easy availability of all these resources and competency to manage these limited resources in a resource constraint environment facilitate prospective women entrepreneurs to start her venture successfully. We found that conducive social atmosphere in Gujarat helps many women to start their business unit successfully.

In addition, we found that empowerment is the consequence of women entrepreneurship. This result finds support from the previous study conducted by Datta and Gailey (2012). Independence and flexibility in working hours aid experiencing certain intrinsic feeling of empowerment among women entrepreneurs because they feel psychologically empowered to convert their business ideas into a successful business unit. Moreover, their inclination towards entrepreneurship enables them to perform excellent in their chosen career, which gets reflected in the performance of their firm.

Limitations and Future Research

Our study suffers from certain limitations. Firstly, we considered only a few factors as determinants of women entrepreneurship but there are other factors like social capital and psychological factors, which may also serve as strong predictors of women entrepreneurship. Secondly, the data was collected from the Ahmedabad city in Gujarat state, where business- friendly social environment inspires prospective women entrepreneurs to choose entrepreneurship as their career but the generalisation of the results need to be examined in other environmental context. Finally, we examined only empowerment as one of the outcomes of women entrepreneurship, but there may be other outcomes, like satisfaction and financial performance of women entrepreneurs.

The study can emerge as a good source for exploring the prospective factors, which might have bearing on the promotion and development of women entrepreneurship. Future research can verify the results of this study in other environmental and cultural context. A study can also be conducted to examine various facets of women entrepreneurship in the service sector.

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MENACE OF PLAGIARISM

In the last issue of our journal, we raised a matter of public concern, namely the menace of plagiarism, which is widespread and going unabated. We often receive articles for publication which are either partly or fully copied from others' works, despite the author having given a declaration to the effect that the article is original and an exclusive contribution to our journal, and having submitted a certificate of cessation of copyright in our favour. The dare-devilry is shocking! This is outright deceit and cheating. Amusingly, the practice is not confined to Indian authors; foreign authors are no exception.

This time again, we came across two such cases, one each from Indian and foreign authors. The articles could have gone into print, but for the alacrity and the incisive eye of our referees.

We have been facing another problem of somewhat similar nature, involving professional ethics. We spend a lot of efforts, time, and money in reviewing, short listing, and editing of each article which passes the preliminary scrutiny. When asked to make further revision or supply the missing information, some of the authors stop communicating with us and submit the paper improved through our efforts to some other journal. They do so despite the fact that they have submitted a declaration that the paper is original and an exclusive contribution to our journal, and shall not be withdrawn at a subsequent stage, unless rejected/permitted by the Editor, and have ceded the copyright in our favour.

It needs no emphasis that plagiarism is not only an unethical practice, particularly so for an academician, it is also a violation of the code of conduct governing the services of University teachers, but also amounts to a criminal offence, under the Copyright Act, 1957 (which certainly does not grant us a 'right to copy!'). Any infringement of copyright under the Act is an offence, punishable with imprisonment for a minimum period of six months, extendable up to three years, and a fine, ranging from Rs. 50,000 to Rs 2 lakhs.

It is worthwhile to caution such unscrupulous people. Many people have already faced disciplinary action leading to their dismissal from service. These include teachers at all levels – lecturers, associate professors, professors (including one in a top Central university, one in a top IIM, and one in a State university), and one Vice-Chancellor of a State university. Recently, a Vice-Chancellor of a reputed central university had to face imprisonment.

Writing an article is a demanding as well as a rewarding task. Those looking for an unearned reward are surely inviting trouble.

- Editor

CONSUMER PERCEPTION OF VARIOUS ATTRIBUTES OF MODERN RETAIL STORES

Shamsher Singh*

Abstract

Purpose: *The study was conducted to explore how attributes of a retail store influence consumers' perception and how demographic factors affect the operation of such store. The price, product, variety, in-store services, shopping convenience and the store ambience were the attributes selected for the study.*

Methodology: *The study is based on both secondary and primary data. While the secondary data was used to gain an in-depth knowledge of the retail sector, the primary data was collected to measure the consumer perception. The sample consisted of 100 customers. The questionnaire was administered, personally, at selected shopping malls in different parts of the metropolitan city of Delhi. The data was analysed, using the frequency analysis, ANOVA, and the t-test.*

Findings: *A modern retail store is preferred by consumers due to the availability of a variety of brands and better quality perceived by them. The consumer visits such a store not only for shopping but also for entertainment. Trained and supportive staff and pleasant ambience also influence the consumer preference for such a retail store.*

Limitations: *The findings can be generalised only for the urban areas as the geographical area was of the study limited to the metroploitan city of Delhi.*

Value/Contribution: *The study brings out useful information for the decision-makers of retail stores, so that they can improve their marketing efforts and boost their sales.*

Key words: *Consumer perception, Store attributes, Modern retail store, Traditional store*

INTRODUCTION

The retail industry has emerged as one of the most dynamic and fast-paced industries in India, prompting the entry of several players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and provides employment to around 8 per cent of the population. India is the world's fifth-largest global destination in the retail space. Its retail market is expected to increase to US$ 1 trillion by 2020 from US$ 600

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billion in 2015(IBEF, 2016). There has been a significant development in the past decade in the retail industry, which includes transformation of traditional small stores, usually owned by family members, into modern retail shopping centres. The liberalisation of the Indian economy, in 1991, considerably facilitated this transformation. A number of manufactures and big business houses ventured out to set up retail chains across the country. According to *India Retail Market View* (2013), organised retail in India witnessed 78 per cent growth over the total mall supply from 2.5 million square feet, in 2012, to 4.7 million square feet, in 2013. According to the Department of Industrial Policy and Promotion of the Government of India, the FDI inflow has been US$ 537.61 million during April 2000–March 2016 (IBEF, 2016).

Global retail giants are keen to enter India because of a growing middle-class and an untapped retail industry. Delhi and its suburbs have emerged as front runner for organised retail stores. Moreover, 1000 malls were at the development stage in smaller towns. Rise in the Consumers' purchasing power, coupled with availability of land makes these towns attractive destination for retail stores. It has also been noted that the consumer tastes and preferences are changing in tune with the global preferences, lifestyles, and spending patterns.

Modern Retail Formats

1. **Shopping Mall**: A shopping mall has a number of retail outlets having a built up area of around 60,000 sq. ft. to 7, 00,000 sq. ft., where the customers can easily move from one shop to another . They have all kinds of retail outlets, ranging from grocery, apparel, FMCG, food court and Cineplex (Sinha and Kar, 2007)

2. **Department Store**: It is usually a large store divided in to departments on the basis of a range of products, including electronics, furniture, apparel, electrical appliances, and sports goods.

3. **Hypermarket/Supermarket**: It is mainly a self-service store where customer picks and chooses his product and brings to the billing section and takes the delivery after making payment. It is larger in size than the traditional grocery store and has a wide variety of products.

4. **Specialty Store**: Such a store is set up for specialised products or services and items associated with those products or services and carry a large stock. Wedding malls and gold store are the examples of such stores (Sinha, and Kar, 2007, Kotler and Keller, 2016).

Major Organised Retailers in India

1. **Future Group:** Pantaloons was the first retail outlet launched by Future Group. Future Group operates more than 450 stores across India. 'Big Bazaar' is another retail chain launched by the Future Group.

2. **Tata Group:** Tata established its subsidiary, Trent, in 1998. It also operates Star India Bazaar, Westside, and Landmark. Trent is also in talks with global retail players for joint operations.

3. **RPG Group:** They operate Food World stores and 'Health and Glow'**.** They were the early entrants in retail trade, focusing on food and grocery retailing, since 1996.

4. **Reliance Group: This group** operates Reliance Fresh stores and Reliance Mart and has more than 300 stores, *viz*., both the stores have created their own niche in the Indian retail market. Reliance retail is the first store in India to cross Rs 10,000 crore turnover (Business Line 2013).

5. **AV Birla Group:** This group has created Peter England, Louis Philippe Allen Solly and Van Heusen. These are the leading stores in the Indian apparel retailing.

REVIEW OF LITERATURE

Satish and Raju (2010) found that the major Indian retailers, including Future Group and Reliance Group, have played the leading role in the development of the retail sector in India. It was noted that almost all the top retailers were working on their expansion plans. This includes retailers, such as Reliance Retail, Shoppers' Stop, Pantaloon (Talwar, 2010). India is expanding internationally due to the challenges faced by international retailers in their own countries (Halepete, *et al.* (2008). This is the reason why Wal-Mart had partnership with Bharti Airtel.

Bhatnagar (2015) explored the journey of the Indian retailing from the unorganised to the organised retailing. The author noted that the retail sector witnessed a rapid growth in the organised sector with the entry of corporate groups, such as Tata, RPG, ITC, and Bennett Coleman & Company. The whole concept of shopping has transformed in terms of layout and consumer buying behaviour, ushering in an uprising in shopping. Modern retail is seen as swanky shopping centres, multi-storied malls and huge complexes offer shopping, entertainment and food, all under one roof. It was also found that the social changes, such as the increase in the number of nuclear families and working couples, resulting in increased purchasing power, also contributed to the increase in the Indian consumers' personal consumption. Joshi *et al.*(2015) also had similar findings and reinforced the study of Bhatnagar (2015).

The global consultancy firm, Cushman & Wakefield, in their *India Retail Report* (2014) , projected that the approximately 14 million square feet (m.s.f.) of fresh retail space was added by the end of 2014 in the top eight cities of India. This addition in the retail space is 200 per cent more than the 4.6 m.s.f space which was added in 2013. Majority of it (approximately 60% or 8.2 m.s.f of mall space) was created in NCR, whereas 2.86 m.s.f. was added in Bengaluru *(India Retail Report, 2014)*.

India Retail Report (2009) focused on the various drivers of the growth of retail industry in India and found that friendly investment climate, retail revolution, establishment of supermarkets, shopping mall and departmental stores has lead to boom in retails industry. The study by Satish and Raju (2010), also point out in the similar direction and it is expected that theoverall development of the economy would further accelerate the growth of retail industry. Rahman (2012) remarked that the retail bazaar in India was booming beyond everyone's expectation.

Aggarwal (2008) noted that retailing had assumed the status of an industry and was no longer considered a distribution function. He found that organised retailing has immensely contributed to the economic development of India. Murugavel (2011) observed that the retail has been one of the fastest growing industries in India over the last couple of years.

Studies on Consumer Perception of Retail Stores

The market share of traditional retail stores has decreased, whereas the share of modern retail outlets has witnessed expansion due to the changing consumer preference and the rise in the consumers' economic ability (Hino, 2010). The shopping experience includes the availability of a wide range of products, discounts, globally-recognised brands, and theaters with multiple screens for entertainment as well as food outlets to satisfy their hunger. Consumers in different counties have varied type of taste and preferences. The US consumers expect high level of services and merchandise quality (Swinyard, 1997).

Gupta (2007) studied the changing consumer perception in India and found that a variety of products and their availability have a strong and positive impact on their consumption. He also found that consumers have shifted their preference to the shopping malls. Several studies highlighted the demographic dividends, such as 55 per cent India's population is under the age of 20, increase in the earning members of a family, growing middle class leading to higher consumption and contributing growth in organised retailing in India.

(CII, 2008; and Ghosh *et al.*, 2010)

Luceri and Latusi (2016) investigated the cross-format shopping behaviour in the apparel sector. They found that the socio-demographic characteristics-age, gender, employment status and the citizenship-have an impact on the multi-store format patronage patterns for apparel purchases. Moreover, the store format preference and the sale proneness proved to be the additional determinants of cross-format mobility. Kesar and Sharma (2015) noted that consumers showed preference for modern multi-brand retail stores as compared to traditional '*kiryana*' stores.

Nagar, *et al*. (2015) sought to explore the consumer behavioural changes while purchasing grocery and food products. They found that their decision to purchase grocery and food products, either from an organised retail outlet or from an un-organised retail market, depended on the patronage behaviour, which is influenced by various other factors. The factors identified were categorised on antecedents, socialisation, mental and behavioural outcomes and retail outlets that have a good and pleasant environment for shoppers.

Studies on Scope of Organised Retailing in India

Various studies have revealed a vast scope of organised retailing in India. Aggarwal (2008), and Bhardwaj and Makkar (2007) have noted that there was a positive impact of retail industry on the Indian economy. The benefits highlighted by them included employment generation, growth of real estate, and development of retail ancillary market. The change in the preferences of consumers has forced Indian retail chains to bring modern retail formats. Gupta (2007) examined the changing consumer behaviour and found positive impact on their consumption due to availability of a variety of products.

A number of other studies have re-enforced the earlier findings that the modern Indian consumers have many options for shopping. They can choose from the local shopkeeper, supermarket, departmental store, or a mall. All kinds of the latest and better-quality products are available in Indian market. This has also been realised by global player and they considered India as the most favoured retail destination (Jasola 2007).

Demographic Trends in India

In India, not only there are dual career families but also multiple earning members in the family. This has resulted in increasing income levels of family and high disposable income which is responsible for the growing middle-class and the emergence of consuming class (Goyal and Aggarwal, 2009; and Ali and Kapoor, 2010). This has led to the development and growth of retail industry. Food and grocery, apparel, consumer durables, jewelry, and health and beauty are the segments of retail which have emerged as growth-driver (Shukla and Jain, 2007).

Lalitha (2015) found that the growth in the Indian organised retail market is mainly due to change in the consumer behaviour. This change has come due to increased income, changing lifestyles, and patterns of demography, which are favourable to retail industry. Choudhary (2015) investigated the impulse buying behaviour of the shoppers in Kolkata when they visited shopping malls or retail outlets. He found that the demographics (age, income and gender) had impact on impulse buying. Mariyappa (2014) examined the consumers' shopping behaviour in different retail outlets in Bangalore and found that there was tremendous potential for hyper-markets and super-markets in Bangalore.

Mathur *et. al.(*2013) found demographic factors, like income and occupation, to be the major influencers, having major influence on consumer buying behaviour. They also found that that family was the main influencer in country, like India, where the joint family system was an important societal feature. Prasad (2012) found that in the fast-changing face of organised retailing, especially in the apparel shopping was more a matter of non-fun mundane, but an exciting and entertainment activity.

Preferences for Modern Retail Formats

Why consumers choose shopping malls over traditional market stores? Different studies have tried to find the answer. The studies of Thang *et al.* (2003) and Dalwadi *et al.* (2010) revealed that there were various factors, such as in-store services, ambience of the mall, range of products, attractive promotion schemes. These facilities drive the consumers towards the malls rather than the local shops. Consumer finds it more convenient and time-saving to shop at one place instead of going to different markets at different location across cities. The study of Jackson *et al* (2011) also supported these findings.

Numerous authors have tried to identify the key differentiator which consumers care while making a choice in the type of retail formats where they would go for shopping. They have identified the following factors: the quality of merchandise, advertising, assortment of merchandise, convenience services, store reputation, merchandise-mix, technology-based operations, value-added services and the store layout. (Mittal and Mittal (2008), Gupta (2007) , Lather *et al.* (2006), Jain and Bagdare (2009), Jacobs *et al*. (2010), and Ghosh and Tripathi (2010).

Singh (2007) found that the urban respondents had higher degree of brand awareness of various food products as compared to the rural respondents. This is further emphasised in the study of Kaur *et.al* (2007). Supermarkets are generally preferred by professional consumers whereas less educated consumers prefer discount store. The households with small children, engaged in professional activities, generally preferred shopping at hypermarkets (Benito *et. al.* 2006).

Rationale of the Study

There is no specific study which targets the metropolitan consumers in the changing demographic scenario of urban areas. NCR of Delhi has witnessed the rapid growth in the organised retail-sector, especially in the last decade. A number of business organisations, such as Reliance, Tata, Birla, and Future group, have diversified their business to include retailing in their business. That is why a number of shopping malls have come in almost all parts of NCR-Delhi. The findings of the study can be utilised by modern retail stores to influence the customers perception towards them.

OBJECTIVES OF THE STUDY

The study was undertaken to measure the consumers' perception of modern retail stores and their attributes and to examine the influence of demographic factors on the operation of these stores.

Hypotheses:

The following hypotheses were formulated for testing:

H_{01}: There is no significant difference in the perception of male and female consumers in respect of the attributes of modern retail store.

H_{02}: There is no significant difference in the perception of consumers in respect of attributes of the store across different age groups.

H_{03}: There is no significant difference in the perception of consumers in respect of attributes of the store across educational level.

H_{04}: There is no significant difference in the perception of consumers in respect of attributes of the store across occupations.

H_{05}: There is no significant difference in the perception of consumers in respect of attributes of the store across income groups.

H_{06}: There is no significant difference in the consumers perception of prices of products in the modern stores and neighbourhood stores.

H_{07}: There is no significant difference in the consumers perception of services and facilities offered in the modern stores and neighbourhood stores.

H_{08}: There is no significant difference in the consumers perception of variety of products available in the modern stores and neighbourhood stores.

H_{09}: There is no significant difference in the consumers perception of quality of products offered in the modern stores and neighbourhood stores.

H_{10}: There is no significant difference in the consumers perception of convenient shopping at the modern stores and neighbourhood stores.

H_{011}: There is no significant difference in the consumers perception of shopping experience in the store as compared to neighborhood stores.

H_{012}: There is no significant difference in the consumers perception of ambience of the modern store as compared to neighborhood stores.

RESEARCH METHODOLOGY

The primary data was collected from 100 respondents, using a structured questionnaire. Convenience sampling was adopted to select respondents from different shopping malls spread across the city of Delhi. The questionnaire was administered personally. The price, variety and quality of products, in-store services, shopping convenience, shopping experience and the ambience of the store were the variables selected for the study. The data was analysed, using the SPSS software. ANOVA, t-test and frequency distributions were carried out for analysing the data. The reliability of the data was tested using the Cronbach alpha method.

Demographic Factors

The demographic features of the respondents are summarised in **Table1.**

Table 1: Demographic Profile of Respondents

Variable	Characteristics	Frequency	Percentage
Age group	46 yrs and above	19	19
	31-45 yrs	26	26
	20-30 yrs	55	55
Gender	Female	54	54
	Male	46	46
House hold Income (yearly)	More than Rs 10 lakhs	09	09
	Rs.5 lakhs - 10 lakhs	21	21
	Rs.3 lakhs - 5 lakhs	42	42
	Less than Rs.3 lakhs	28	28
Education Level	Class XII	05	27
	Graduation	68	68
	Post Graduation	27	05
Occu-pation	Business	07	07
	Private service	31	31
	Government service	25	07
	Students	16	16
	Housewives	19	19

The majority of the respondents (55 per cent) belonged to the age-group of 20-30 years. This is the age-group which frequently visits the shopping mall. They also have regular income as they are employed either in private sector or in government services. We also found that they have decent income as 42 per cent fall in the Rs. 3-5 lakh income-group, whereas, 21 per cent are from the Rs. 5-10 lakh income-group. This profile is ideally suited for shopping at any modern retail format.

DATA ANALYSIS AND INTERPRETATION

Reliability Analysis

Reliability is the indicator of internal consistency of the data. It can be measured by different scales. However, most of the researchers use Cronbach's alpha scale. The score of 1 indicates 100 per cent reliability, which is generally not found. Hence a score of 0.7 or above was considered as a reliable score (Nunnaly's (1978). The Cronbach Alpha score is given in **Table 2**.

Table 2 : Validity and Reliability Statistics

Cronbach's Alpha	N of Items
0.899	12

The test score of 0.899 suggests good internal consistency.

Hypothesis Testing

ANOVA Computation for Gender

In order to test the hypothesis ANOVA and t-test were carried out. The summary of ANOVA computations on the basis of the respondents' gender is given in **Table 3.**

Table 3: Computation of ANOVA on the basis of Gender

	Sum of Squares	df	Mean Square	F	Sig.
Product price	0.004	1	0.004	0.004	0.950
Services and facilities	3.275	1	3.275	2.815	0.097
Large variety of products	5.159	1	5.159	4.427	0.038
Good quality of products	3.726	1	3.726	3.918	0.051
Convenient shopping	1.072	1	1.072	0.892	0.347
Good shopping experience	3.588	1	3.588	3.398	0.068
Ambience of store	2.145	1	2.145	2.176	0.143

As shown in the table, there is no significant difference in the perception of male and female respondents in respect of the attributes of a modern retail store, except for the variety of products. Hence, we accept the null hypothesis H_{01}. This indicates that both the male and female customers have similar perception of store attributes.

ANOVA Computation for Age

The ANOVA computations on the basis of the age of the respondent are given in **Table 4.**

Table 4: Computation of ANOVA on the basis of age -group

	Sum of Squares	Df	Mean Square	F	Sig.
Product price	1.724	2	0.862	0.961	0.386
Services and facilities	4.978	2	2.489	2.149	0.122
Large variety of products	4.237	2	2.119	1.785	0.173
Good quality of products	5.296	2	2.648	2.804	0.066
Convenient shopping	0.783	2	0.392	0.322	0.726
Good shopping experience	2.783	2	1.392	1.295	0.279
Ambience of store	3.493	2	1.747	1.779	0.174

As shown in the table, there is no significant difference in the perception of respondents of different age-groups in respect of the attributes of a modern retail store, except for the quality of products. Thus, we accept the null hypothesis H_{02}. This indicates that irrespective of the age of the customers, they perceive that the store attributes are similar.

ANOVA based on Education

The ANOVA computations based on the respondents' education level are given in **Table 5.**

Table 5: Computation of ANOVA on the basis of Educational Qualification

	Sum of Squares	Df	Mean Square	F	Sig.
Products price	0.722	2	0.361	0.398	0.673
Services and facilities	1.657	2	0.829	0.695	0.502
Large variety of products	3.457	2	1.729	1.447	0.240
Good quality of products	4.452	2	2.226	2.335	0.102
Convenient shopping	4.896	2	2.448	2.084	0.130
Good shopping experience	3.262	2	1.631	1.525	0.223
Ambience of store	0.931	2	0.465	0.461	0.632

The table shows no significant difference in the perception of respondents having different educational qualifications in respect of the attributes of a modern retail stores. Hence, we accept the null hypothesis H_{03}. This suggests that irrespective of their education consumers have a similar perception of the store attributes.

ANOVA based on Occupation

The ANOVA computation based on the occupation of the respondents was summarised in **Table 6**

Table 6: Computation of ANOVA on the basis of Occupation

	Sum of Squares	df	Mean Square	F	Sig.
Product price	2.838	5	0.568	0.621	0.684
Services and facilities	4.752	5	0.950	0.794	0.557
Large variety of products	5.430	5	1.086	0.896	0.487
Good quality of products	3.407	5	0.681	0.685	0.636
Convenient shopping	5.245	5	1.049	0.868	0.506
Good shopping experience	6.026	5	1.205	1.121	0.354
Ambience of store	3.869	5	0.774	0.767	0.576

As shown in the table, there is no significant difference in the consumers' perception in respect of attributes of a modern retail stores. Hence, we accept the null hypothesis H_{04}. This indicates that irrespective of the occupation, the consumers have similar perception of attributes.

ANOVA based on Income

The result of ANOVA computation on the basis of the respondents' income is presented in **Table 7.**

Table 7: Computation of ANOVA on the basis of Income level

	Sum of Squares	df	Mean Square	F	Sig.
Product price	1.239	3	0.413	0.453	0.716
Services and facilities	6.305	3	2.102	1.818	0.149
Large variety of products	5.694	3	1.898	1.603	0.194

Good quality of products	3.058	3	1.019	1.043	0.377
Convenient shopping	0.432	3	0.144	0.117	0.950
Good shopping experience	1.118	3	0.373	0.338	0.798
Ambience of store	1.878	3	0.626	0.620	0.604

The table shows no significant difference in the perception of respondents' belonging to different income-groups in respects of the attributes of modern retail stores. Hence, we accept the null hypothesis H_{05}. This indicates that irrespective of their income, consumers perceived the store attributes to be similar.

Hypothesis Testing: t-Test Computations

In order to test the remaining hypotheses, the one-sample t- test was carried out .The results of the test are given in **Table 8**. The P-value is significant value and P value of 0.05, is the cut-off value for acceptance or rejection of the null hypothesis. If the value is lower than 0.05, the null hypotheses is rejected and if the value is higher then, it is accepted. Based on the significance value (0.000), we reject the null hypothesis $\mathbf{H_{06}}$. The frequency analysis also supports this finding as 36 per cent of the respondents were in agreement with the statement and only 26 per cent in disagreement.

Table 8: t-Test Computations

	Test Value = 0					
Retail Store Attributes	*t*	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
'Prices of the products are more reasonable in modern retail stores as compared to the neighborhood shops'.	31.157	99	0.000	2.95000	2.7621	3.1379
'More services and facilities are offered in modern retail stores as compared to the neighbourhood shops'.	35.552	99	0.000	3.87000	3.6540	4.0860
'A large variety of products is available in modern retail stores as compared to the neighbourhood shops'.	35.700	99	0.000	3.92000	3.7021	4.1379
'Good quality products are available in modern retail stores as compared to the neighbourhood shops'.	35.072	99	0.000	3.47000	3.2737	3.6663
'It is more convenient to shop from the neighborhood shops as compared to the modern retail stores'.	31.580	99	0.000	3.46000	3.2426	3.6774
'Shopping experience in the modern retail stores is great as compared to the neighborhood stores'.	35.006	99	0.000	3.64000	3.4337	3.8463
'Ambience of the modern retail stores is better as compared to the neighborhood shops'.	40.551	99	0.000	4.05000	3.8518	4.2482

Hypothesis $\mathbf{H_{07}}$ was also rejected on the basis of the significance level of 0.000. This conclusion supports the propositions that modern retail stores offer more services and facilities. The frequency table also supports this conclusion; there is 78 per cent of agreement with the statement as compared to just 13 per cent disagreement. Based on the customer responses and the significance level of 0.000 and support from the frequency analysis, the $\mathbf{H_{08}}$ is also rejected. There is 80 per cent agreement with the statement. This proves that shopping malls does house a large variety of products. Similarly, based upon the significance level of 0.000, both $\mathbf{H_{09}}$ and $\mathbf{H_{010}}$ are rejected. This conclusion also finds support from frequency analysis, with 54 per cent and 52 per cent respondents supporting the conclusion. This shows that customers believe that good quality products were there in these stores. However, they find it more convenient to buy from a neighborhood shops rather than from a modern retail store.

Based on the significance level of 0.000, we reject $\mathbf{H_{011.}}$ The customer responses also support this proposition as 85 per cent of the respondents agreed that retail stores had a better ambience than the neighborhood shops.

The customer response and the significance level of 0.000 lead to the rejection of $\mathbf{H_{012.}}$ Therefore, it is essential that the retail organisations should maintain their store ambience and appearance which bring a large number of the customers.

Frequency Distribution of Consumer Perception

In order to support the result of the t-test, frequency distribution was carried out. The result is presented in **Table 9**. 'Strongly agree' and 'agree' responses are the supporting responses of the statement relating to a particular attribute of the modern retail format. 'Disagree' and 'strongly agree' responses are those which do not support the statement related to a particular attribute. Neutral responses neither support nor oppose the attribute.

Table 9: Frequency distribution of Consumers Perception

Retail Store Attributes	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Prices of the products are more reasonable in modern retail stores as compared to the neighborhood shops.	7	29	38	24	2
More services and facilities are offered in modern retail stores as compared to the neighborhood shops.	28	50	9	7	6
A large variety of products are available in modern retail stores as compared to the neighborhood shops.	30	50	10	2	8
Good quality products are available in modern retail stores as compared to the neighborhood shops.	12	42	32	9	5
It is more convenient to shop from neighborhood shops as compared to the modern retail stores.	18	34	29	14	5
Shopping experience in modern retail stores is great as compared to neighborhood stores.	19	44	24	8	5
Ambience of the modern retail stores is better than the neighborhood shops.	31	54	6	4	5

As shown in the table, 36 per cent of the customers either 'agreed' or 'strongly agreed' that the prices of the products in a modern retail store were reasonable. Only, 26 per cent of the customers did not agree with the statement. Whereas 78 per cent customers either agreed or strongly agreed that more services and facilities were offered by modern retail stores, only 13 per cent did not agree with the statement. It was also found that 54 per cent of the respondents either agreed or strongly agreed that good quality products were offered in modern retail stores and only 14 per cent did not agreed with the statement .

Moreover, while 52 per cent of the respondents either agreed or strongly agreed that it was more convenient to shop in neighborhood shop as compared to modern retail stores, only 19 per cent did not agree with the statement. Similarly, 63 per cent respondents either agreed or strongly agreed that shopping experience was great in modern retail stores. As many as, 85 per cent of the respondents either agreed or strongly agreed that the ambience of modern retail stores is better than the neighborhood shop; only 9 per cent did not agree with the view.

CONCLUSION

The study did not reveal any significant variation in the customer perception on majority of store attributes based on demographic variable such as gender, age, education, income and profession. This indicates that customers perceive these stores in similar way irrespective of their gender, age, education, income or occupation. This is in contrast to the findings of Luceri and Latusi (2016), who investigated the cross-format shopping behaviour in the apparel sector. They found that socio-demographic characteristics of age, gender, employment status and citizenship had an impact on multi-store format patronage patterns for the apparels. Choudhary (2015) investigated the impulse buying behaviour of the shoppers in Kolkata and found that the demographics (age, income and gender) had an impact on the impulse buying. Similarly, Mathur*et al.* (2013) found that the demographic factors, like income and occupation had major influence on consumer buying behaviour whether the consumer did the shopping from a modern retail format or from a conventional store. They also found that that family was the main influencer in a country like India where joint-family system was an important social feature. This contrast in the findings was perhaps due to the similarity in the demographic profile, where the education and income were very high in the metropolitan area of Delhi and a number of modern shopping malls were available in the city.

The study has revealed that there is significant variation some attribute such as variety and quality of products. It has reinforced the general perception and findings of earlier studies that two types of factors, environment of the retail store and other related to price of products dealt in stored in these retail outlets. However, there is general perception that these store charge higher price than the traditional store. Moreover, there is a positive perception of ambience, large variety of products and more services and facilities.

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"I never took a day off in my twenties. Not one."

Bill Gates
Co-founder, Microsoft

♦♦♦♦♦

"It is always the start that requires the greatest effort."

James Cash Penney
Founder and CEO, J.C. Penny

♦♦♦♦♦

"The most valuable thing you can make is a mistake – you can't learn anything from being perfect"

Adam Osborne

FINANCIAL INCLUSION THROUGH ON-LINE BANKING
Impact of Customer Occupation on Awareness and Usage Level

Shweta Anand* and Deepika Saxena**

Abstract

Inclusive growth can be achieved only through financial inclusion, wherein every person is a part of the formal financial system. With the help of technology, banks can play a vital role in financial inclusion. Advancement of technology has changed the way people use to do banking transactions. The services provided by banks, include on-line banking, tele-banking, SMS-banking, and mobile-banking. The most popular among these is the on-line banking. The usage of this service has been observed differently with respect to customer occupation, i.e., employed and self-employed. The present study focusses on assessing the impact of customer occupation on awareness, usage and frequency of usage of on-line banking service. The primary data was collected through a structured questionnaire from 752 respondents in the Delhi NCR. Statistical Package SPSS 20 was used for data analysis and the tests, such as the Cross Tab, Chi-square, and the Mann-Whitney U test, were conducted to arrive at the conclusion. The study has revealed that occupation has an impact on on-line banking services in terms of awareness, usage and the frequency of usage. The overall usage and frequency of usage are low. Hence, the customer occupation must be taken into account by banks when planning the strategy for better usage and frequency of usage of on-line banking services.

Keywords: *Financial inclusion, On-line banking, Customer occupation, Customer awareness, Usage level*

INTRODUCTION

Technology plays an important role in achieving the objective of financial inclusion in developing countries, like India, and thereby taking this route for inclusive growth. Banks in India have taken numerous initiatives for including the unbanked population under formal financial system with the help of technology. It has also helped in reducing the cost of banking transactions not only for the banks but also for the customers. The cost of setting up branches in unbanked areas can be done away through on-line banking. Multiple types of technology-based services are provided by banks to the customers such as on-line banking, tele-banking, mobile banking, mobile wallet, and payment apps. The most popular service is the on-line banking which has emerged as the most commonly used service for banking transactions. On-line banking is an electronic payment system which allows the customer of the bank to conduct banking transaction through bank's website. It is also known by various names, such as the Internet banking, e-banking, and virtual banking.

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On-line banking provides number of banking services, such as balance enquiry, bank statement, request for issue of cheque book, request for issue of demand draft, utility bill payment, funds transfer between own account and to other bank accounts through NEFT (National Electronic Funds Transfer) and RTGS (Real-Time Gross Settlement), opening new account, opening recurring deposit account, making fixed / term deposits, 'stop payment' request, cash and draft delivery and on-line ticket booking by rail, road or air.

The main advantage of on-line banking is to have easy access to the bank account anytime and any where. It saves time, money and effort of the customer. Distance to the branch is also a problem for the customers. On-line banking is the solution for these problems for doing all kinds of banking transactions sitting at one place, with no time constraints.

The main apprehension in the mind of customers for using on-line banking is of the security. On-line banking cannot be performed without the security of customers' financial information and their credentials. Similarly, risks-related to the reputation of the banks themselves is equally important. For this purpose, the banks are in the process of setting up various security processes which tend to reduce the risk of unauthorised on-line access to the financial information.

LITERATURE REVIEW

Various studies have been conducted in the area of financial inclusion which have shown that there are three important parameters of initiatives: On-line banking taken towards financial inclusion, *viz*., awareness, usage and frequency. Therefore, for assessing the impact of customer occupation on on-line banking, these parameters have been studied.

Unnikrishnan and Jagannathan (2015) noted in the study on the current value of global financial inclusion and its relationship with economic growth measured by the Gross Domestic Product (GDP) and the human development measured by the United Nations Human Development Index (HDI). The relationship between the GDP and the HDI with financial inclusion as mediator, using multiple regression, has been validated on a global level which is based on the data from 162 countries, for the year 2011. The study holds valid in the global context of income inequality, which is prevailing in developed, developing and underdeveloped countries, as it validates the argument that an impressive GDP performance does not ensure equity in economic growth. The financial inclusion levels are calculated on the basis of the Index for Financial Inclusion (IFI), based on three dimensions – penetration, availability and usage. The study revealed that human development cannot arise only from the national average, but it should incorporate three aspects, *viz.,* national average, equity and deprivation. It has been concluded that any change in the levels of financial inclusion indirectly boost the overall human development in an economy. The significance of financial inclusion towards overall human development is well-established in this study.

Bihari (2011) proposed an Index of Financial Inclusion (IFI) following a multi-dimensional approach. The IFI developed can be used to compare levels of financial inclusion across different economies at a particular point of time. It can also be used to monitor the progress of policy initiatives related to financial inclusion for a period of time. The study explored the relationship of financial inclusion and economic development. The author has proposed an index for measuring financial inclusion. He has taken into consideration three basic dimensions; the banking penetration, availability of banking services and the frequency of usage. The study revealed that index of financial inclusion of India is low. It concluded that the developing and the under-developed economies all over the world must look for new ways to include their population in the financial system.It is now becoming increasingly visible that addressing financial exclusion requires a holistic approach on the part of the banks in creating awareness about financial products, education and advice on money management, debt counseling, savings and affordable credit. On-line banking is a viable solution to ensure financial inclusion in unbanked areas at low operational cost.

Bapat (2010) examined the penetration level of bank in the village and studied the relationship between bank accounts and demographic factors, such as occupation, income, and asset-holding status. For the purpose of the study various parameters were considered, such as usage, adequacy, timeliness, cost, security, convenience, comfort, friendly staff and banking transaction. Statistical tools such as cross tabulation, chi-square and t-test have been used to arrive at the reults. The study revealed that 75.2 per cent of the respondents had bank accounts and 26.7 per cent of the respondents avail credit facilities provided by the banks. Two-thirds of respondents had inclination to availed credit facility for dairy and for other business activities. The study also showed that opening and maintaining a bank account has significant relationship with income . The study also suggested to the banks to provide the banking services in rural areas also.

Nagadevara (2009) analysed the factors influencing supply and demand side of financial inclusion. He used Artificial Neural Networks to identify the specific factors that influence different financial products on the supply side and different sources of borrowing on the demand side. Supply side financial products were categorised into long-term instruments, banking products, small savings (post office-oriented instruments) and insurance products. Various sources of loans and borrowings, i.e., demand-side sources were money-lenders, private and public financial institutions, co-operative banks and societies, relatives and friends and others, including SHGs and chit funds. The study revealed that the common factors, like annual investible surplus, annual expenditure, annual income, age-group, occupation and ownership of occupied house are specific to demand side. Factors related to supply side were media exposure, typology (rural/urban), gender, exposure to radio and marital status. These factors can be used for evolving appropriate strategies for enhancing financial inclusion.

Sarma (2015) proposed an Index of Financial Inclusion which is a measure of inclusion of a financial system that includes information on various dimensions of the financial inclusion in numbers lying between 0 and 1. The proposed index is comparable all over the world and is unit-free, monotonous and homogeneous. The study has shown that merely having bank account may not imply financial inclusion if people do not use the account. The reasons for non-use of the bank account can be due to remoteness, cost of transactions and psychological barriers. A measure based on the proportion of adults with a bank account explains only one aspect of financial inclusion, i.e.., financial penetration. However, it ignores other important aspects such as availability, affordability, quality and usage of financial system that together form an inclusive financial system. The study took into account three dimensions: banking penetration, availability and usage and developed the financial inclusion index. This index can be used to measure financial inclusion at different points and at different levels of economic aggregation (village, province, state, nation and so on) and policy makers to monitor progress of financial inclusion initiatives and develop inter-linkages between financial inclusion, income and inequality. On-line banking also improves availability, affordability, quality and usage of financial system.

Sarma and Pais (2008) studied several indicators to assess the extent of financial inclusion. Index of Financial Inclusion (IFI), which is a multi-dimensional measure developed in line with well-known development indexes, such as HDI, HPI, GDI, and GEM. IFI was used to compare the extent of financial inclusion across different countries. It is also used to monitor the progress of the countries with respect to financial inclusion over different periods of time. The index of financial inclusion expressed three basic dimensions of a financial system for inclusive growth: penetration of banking services, their availability and usage of the banking system. Using data on all three dimensions (penetration, availability and usage) for 55 countries and data for availability and usage dimensions for 100 countries for the year 2004, index of financial inclusion values were computed.

Subramaniam, Chattopadhyay, and Tyagi (2008) proposed ways as to how IT can support different collaborative models to implement and sustain the financial inclusion initiatives. They emphasised IT-led e-Governance models for financial inclusion, i.e., postal network, mobile banking, on-line banking and ubiquitous technology. They observed that e-governance was necessary for successful implementation of financial inclusion. Also, the success and evolution of financial inclusion initiatives is largely dependent on the collaboration among the private and public sector and this would be driven by progressive governance policy and framework. Hence, online banking can largely lead the success of financial inclusion initiatives.

Toxopeus and Lensink (2007) studied the relationship between remittance in flows and financial inclusion in developing countries. They explored that research could improve by including other characteristics of the migrants into the analysis, such as income level, since this is likely to play a role in the effect of remittances on financial usage. This would gave better insight into the categories of migrants doing banking transactions, who become banking individuals because of remittances, and who still do not use any formal financial services. Policy can then be focused on the groups who are yet to become banking individuals. The study has shown that single equation estimates on remittances and financial inclusion, and system estimates in which economic growth is explained by financial inclusion, and further financial inclusion is explained by remittances inflows. These regressions confirmed the main hypothesis that remittances have a development impact through their effect on financial inclusion. On-line banking makes such remittances low-cost and high-speed and hence needs a push towards ensuring financial inclusion.

Goyal (2008) explored various circumstances which led to the growing consensus about financial inclusion or exclusion in past years. The study attempted and made a comparative analysis of the status of financial inclusion in Assam, North Eastern Region (NER) and India as a whole. The study also emphasized that branch distribution per sq km in the states is quite unfavourable for the region compared to the Indian average, which negates the advantage of lower APPBO (Average Population per Branch Office) in some of the states. The study concluded that the banks should create awareness by adopting a flexible approach and imparting financial education about the financial products and their benefits. Moreover, the Information Technology can also play an important role in reaching the financially-unreached. Better technological facilities, such as ATMs, e-banking, etc., can also help in removing the problems of the distance and will surely bring down the dependency on informal sources. The banks should see this as opportunity and should start taking financial inclusion of low-income groups both as business and corporate social responsibility.

The review of literature has shown that the awareness of on-line banking services and its usage play an important role in order to ascertain the extent and impact of financial inclusion. For the purpose of the study, impact is sought to be explored through the level of awareness of people, their usage and the frequency of usage of on-line banking services. The study focusses on the impact of occupation, i.e., whether employed or self-employed, on the level of awareness of the on-line banking service, its usage and the frequency of usage.

OBJECTIVES OF THE STUDY

The objective of the study is to assess the impact of customer occupation on the awareness and usage of on-line banking services provided by the commercial banks as a step towards the financial inclusion initiatives.

RESEARCH METHODOLOGY

The research design of the study is descriptive in nature. The primary data was collected with the help of a well-structured questionnaire, from 752 respondents in Delhi-NCR. For the purpose of analysing the data, statistical software SPSS 20 was used. The descriptive statistics, such as frequency distribution, cross-tabulation, Chi-square test, and the non-parametric tests, such as the Mann-Whitney U test, were applied on the data to arrive at the conclusions.

Hypotheses

The following hypotheses were formulated:

H_{01}: There is no significant impact of customer occupation on the awareness level of on-line banking services.

H_{02}: There is no significant impact of customer occupation on the usage level of on-line banking services.

H_{03}: There is no significant impact of customer occupation on the frequency of usage of on-line banking services.

Sample Profile

The study was confined to the National Capital Region (NCR), which is given a special status under the Indian Constitution. The NCR zone includes besides Delhi, the nearby towns of Baghpath, Gurgaon, Sonepat, Faridabad, Ghaziabad, Noida, and Greater Noida. There has been tremendous development in transportation, education and other facilities offered by the government and other agencies in Delhi-NCR. This has become the attraction for people from all over India to come to Delhi for employment. People usually come as migrants from different parts of the country and get settled in Delhi. These people generally come for employment and education and remain here as resident of Delhi for rest of their life. A large portion of the population of Delhi is comprised of such migrants. (*India Online Pages*, *2015)*. The city of Delhi is a multi-culture and multi-linguistic with people from almost every part of India. The impact of different states can also be found in the languages as well as in the lifestyles of the people in Delhi.

DATA ANALYSIS AND INTERPRETATION

The following are the findings and analysis of the study:

Table 1: Frequency Distribution of Online Banking Services

Awareness	Frequency	Frequency of Users N=425 (56.5%)	Frequency (Break up of 56.5%)
Yes	556 (73.9%)	Rarely	24 (3.2%)
No	196 (26.1%)	Sometimes	111 (14.8%)
Total	752 (100%)	Frequently	290 (38.6%)
		Total	425 (56.5%)

The frequency distribution revealed that out of 752 respondents, 556 (i.e. 73.9%) were aware about the on-line banking services offered by banks. Out of these respondents, 425 (i.e., 56.5%) respondents were using this service. Hence, 20% of the respondents' were aware but were not using the service out of the respondents who used online banking services 68.3% were using this service frequently, implying 40% of total, 111 (i.e. 26%) respondents used the service sometimes (15% of the total), followed by 5.6% respondents using it rarely (3% of the total).

25% -Not Aware
20% -Aware never used
2% -Rarely use
13% -Sometimes Use
40% - Frequently used

Overall, despite the banks having introduced on-line banking 50% of the population has never used its benefits and still uses physical banking facility.

of the 50% population using the facility, it was analysed if being Self employed or employed had a significant impact on the usage pattern of on-line Banking.

Table 2: Cross Tabulation of Occupation and Online Banking Services

Occupation	Awareness		Usage		Total Respondents
	Observed	Expected	Observed	Expected	
Employed	345 (77.7%)	328	288 (64.9%)	251	444 (100%)
Self-employed	211 (68.5%)	228	137 (44.5%)	174	308 (100%)
Total	556 (73.9%)	556	425 (56.5%)	425	752 (100%)

The cross tabulation test reveals that about 78 per cent (i.e. 345 out of 444) employed respondents were aware about online banking services as compared to 68 per cent self-employed respondents. The same pattern was been observed in respect of the usage. Employed respondents used the online banking services more i.e. 65% percent as compared to self-employed with 44.5 percent.

Table 3: Chi-square Test of Occupation and On-line Banking Services

Chi-Square Test	Awareness			Usage		
	Value	df	Asymp. Sig (2 sided)	Value	df	Asymp. Sig (2 sided)
Pearson Chi-Square	7.981[a]	1	0.005	30.747[a]	1	0.000
Phi & Cramer's V	0.103		0.005	0.202		0.000
Contingency Coefficient	0.102		0.005	0.198		0.000
No. of Valid Cases	752			752		

The Chi-square test of independence was performed to examine the relation between occupation and online banking awareness. $X^2(1, N=752) = 7.981$, $p=.005$. The relation between these variables was found to be significant. The online banking service awareness is dependent on occupation. There is a significant difference between occupation of respondent and online banking awareness at 95% confidence level. The observed values differ significantly from the expected values. The contingency coefficient is 0.102 which is less than 0.5 and shows weak association between the variables. The Phi and Cramer's V which is a measure of strength of association of variables is found to be 0.103, represent a weak association between occupation and online banking awareness. Moreover, minimum expected count is 80.28 and 0 cells have expected count less than 5 which results in non-violation of one of the assumption of chi-square test. Therefore, based on the results of chi-square test the null hypothesis 'There is no significant difference between the awareness level of people of Delhi towards online banking services and their occupation', is rejected and alternate hypothesis is accepted. The result of this test shows that occupation has an impact on the awareness level of people of Delhi towards online banking services provided by commercial banks. The computations are shown in **Table 4**

The same test was conducted for examining relation between occupation and online banking usage. $X^2(1, N=752) = 30.747, p=0.000$

There is a significant difference between occupation of respondents and online banking usage at 99 per cent confidence level. The relation between these variables was found to be significant. The observed values differ significantly from the expected values. The contingency coefficient is 0.198 which is less than 0.5, and shows weak association between the variables.

The Phi and Cramer's V is found to be 0.202, which suggest a moderate association between occupation and online banking. Moreover, the minimum expected count is 133.93, and 0 cells have expected count less than 5. Therefore, based on the results of chi-square test the null hypothesis, i.e., 'There is no significant difference between the usage level of people of Delhi towards online banking services and their occupation', is rejected and alternate hypothesis is accepted. The result of the test shows that occupation has an impact on the usage level of people of Delhi towards on-line banking services provided by commercial banks.

Table 4: Frequency of Use

Occupation	N	Mean Rank	Tests Statistics	
Employed	288	237.07	Mann-Whitney U	12794.500
Self-employed	137	162.39	Asymp.sig (2 tailed)	.000
Total	425			

The Mann-Whitney U Test has been conducted to examine whether there is significant difference between the frequency of usage in online banking services and the occupation of respondents. The test results revealed that there is a significant difference between the two variables. U=12795, p=0.000 (2 tailed) < 0.025, with mean rank of 237.07 for employed and 162.39 for self-employed. Therefore, based on the results of mann-whitney test the null hypothesis, 'There is no significant difference between the frequency of usage of people of Delhi towards online banking services and their occupation', is rejected and the alternate hypothesis is accepted. This test shows that employed people use the online banking service more frequently as compared to the self-employed people and that the occupation has an impact on the frequency of usage of online banking services provided by commercial banks.

CONCLUSION

On-line banking is being used by nearly 50 per cent of the customers. However, many people are still not aware of the on-line banking facilities available to them. They have been using conventional methods for banking from small to big value transactions, getting the bank statements etc. This is because of the lack of financial knowledge, hesitation to take the first step in on-line service, and unavailability of resources. Another major issue which pull the people from using on-line banking service is the lack of trust in the system. Security is one of the major concerns for people. The banks should take initiative to create awareness about on-line banking to customers when they visit the bank or the ATM. More usage is a win-win situation. The banks stand to save overhead costs by lowering the footfalls in the branches or need for new branches. Customers gain by saving time energy and money for simple tasks such as seeing updated transaction statements, balance enquiry, funds transfer using the RTGS/NEFT, DD and ordering online.

They should take initiative on a mass level to discuss the apprehensions and issues related to online banking with the users and non-users of this service. Bank must also take multiple initiatives to make the security systems stronger in order to safeguard the interests of the users of the online banking. Customers have apprehension about identity theft, phishing and other financial cyber crimes.

People should also come forward and create demand for awareness specially the self-employed who generally have staff employed to go to banks for all kind of banking transactions. The benefit and gains of online banking must be popularised as it also supports financial inclusion of the population which is far away from physical bank branches.

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"Be undeniably good. No marketing effort or social media buzzword can be a substitute for that."

Anthony Volodkin
Founder, Hype Machine

PERFORMANCE EVALUATION OF PUBLIC-SECTOR BANKS DURING THE SECOND PHASE OF ECONOMIC REFORMS

Vaishali* and R C Dangwal**

Abstract

Banking constitutes the core of the financial services industry. It plays a pivotal role in the economic development of the country. Performance evaluation of banks becomes more important with the introduction of Second Reforms phase. The present study examines on the factors affecting the growth and performance of banks with reference to deposits, total expenditure, spread, net profit, and total assets after the Second Reforms phase. Sixteen public-sector banks were taken up for the study for the period 1998-99 to 2012-13. The tools used to evaluate the performance include, simple growth rate, exponential growth rate, mean, standard deviation and coefficient of variation. The study has revealed that among the public-sector banks, the mean of deposits, total expenditure, spread, net profit and total assets were highest for the State Bank of India, followed by the Punjab National Bank. The deposits, total expenditure and total assets, in terms of dispersion were more consistent with the SBI. The spread in terms of dispersion was more consistent with the Central Bank of India and the net profit in terms of dispersion, was more consistent with the State Bank of Patiala. Furthermore, among the public-sector banks, the EGR of deposits, total expenditure, spread, net profit and total assets was highest for the IDBI.

Key words: *Co-efficient of variation, Exponential growth rate, Performance evaluation, Public-sector Banks, Second-phase reforms*

INTRODUCTION

Banks performance is the vital indicator of economic performance of an economy. It becomes a major area of concern for the management of banks. Despite the increasing risks in the domestic and global macro-economic conditions, the banking sector in India has remained robust. The regulatory responses and the inherent strengths underlying the Indian economy have to ensure that the banking plays a positive role in supporting the financing needs of the country's growing economy. In view of the fact that the banking sector has important effects on the domestic as well as on the global economy, it is perhaps the most heavily regulated sector in the country. To improve the performance of the commercial banks, the first phase of banking-sector reforms were introduced in 1991 and after its success, the government took up the second phase of reforms in 1998.

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In the present study, an attempt has been made to assess the performance of public-sector banks. and to evaluate the measured variations in the performance of such banks.

REVIEW OF LITERATURE

By reviewing various studies on the performance evaluation of bank, an insight is developed regarding the factors which have impact on banks' performance. These studies have been categorised into three heads on the basis of different determinants.

Efficiency of Banks

Sathye (2005) examined the effect of banks privatisation on their performance and efficiency. For this, the data published by the Indian Banks' Association for five years from 1998 to 2002 were analysed, using the Difference of Means test. The synchronic approach was used and comparison was made between India's gradual privatisation strategy with that of some other countries, like Poland, Mexico and Mozambique. The analysis reveals that the partially-privatised banks performed better than the fully public-sector banks.

Arora and Verma (2007) used the Average Compound Growth Rate (ACGR) method to study the relative efficiency of the public-sector banks from 1991-92 to 2003-04. They found that if the public-sector banks want to improve their position further they need to greatly improve the efficiency through the introduction of computer and should reach the International Standards of Capital Adequacy and NPAs. According to Mistry (2012), the assets size, assets utilisation and operational efficiency have impact on the return on assets and the interest income. He also noted that the return on assets and interest income have negative relationship with the operational efficiency and the positive relationship with asset management and bank size.

Dangwal and Vaishali (2014) made an attempt to examine the operational efficiency of the Indian banking sector from 2002-03 to 2011-12. Their study revealed that the operational efficiency of the foreign banks was better than that of the public and private-sector banks. The study also indicated that there were significant differences in the operational efficiency of the Indian banking industry with respect to the variables selected for the study except the net NPA as a percentage of the net advances.

Productivity of Banks

Bhandari (2010) examined the overall total factor productivity improvement achieved by 68 Indian commercial banks, from 1998-99 to 2006-07, with respect to the components technical change, technical efficiency change and scale (efficiency) change factor, using the Data Envelopment Analysis (DEA) methodology. He suggested that the government should cautiously approach the liberalisation of the banking sector and should not blindly invite more foreign players to it. The changes in the Total Factor Productivity (TFP) of 19 nationalised banks for the post-reform period 2003-2008 was evaluated by Dangwal et al. (2011). TFP indices were estimated using the Malmquist Productivity Index approach through Data Envelopment Analysis. TFP change indices were decomposed into efficiency change and technical change. The study revealed that, on an average, the TFP growth was more due to the technological changes than the efficiency change.

Financial Performance of Banks (based on CAMEL Model and other approaches)

Aspal and Malhotra (2013) evaluated the financial performance of Indian public sector banks, excluding the State Bank Group, for the period of 2007-11, using the 'Capital Adequacy, Assets, Management Capability, Earnings, Liquidity and Sensitivity' (CAMEL) model. The authors found the top-ranking banking with respect to financial performance was because of better performance in the areas of liquidity and asset quality. However, other factors were also important, such as management efficiency and capital adequacy. A study of performance of Indian banking sector amidst the Global Financial Turmoil was undertaken by Bhatnagar and Sharma (2010). Their study revealed that all the banks under study had shown growth, but the most important challenge faced by the government during that period was to ensure a balance between inflation and growth.

Vohra (2009) examined the various financial components of selected private banks from 2001-02 to 2006-07. The indicators used for analysis included structure and trend ratio of total deposits, source-wise deposits, deposit-credit ratio and deposit- to-total-resource ratio. The study revealed that the volume of investment in private-sector banks had increased by nearly 200% during the period of study.

Thus, although there are number of valuable studies related to banks performance in India, there is a need to conduct a systematic and comprehensive study for the period 1998-99 to 2012-13 to fill the gap. The previous studies have been reviewed critically to identify the gap that existed in the literature in this area. The present study was undertaken to fill the gap in this important field of business.

OBJECTIVES OF THE STUDY

The study has two objectives:

1. To examine the performance of public-sector banks in India during the period 1998-99 to 2012-13; and
2. To identify the factors affecting the performance of public-sector banks.

RESEARCH METHODOLOGY

The Sample

The sample consisted of sixteen public sector banks selected from the universe of public-sector banks in India. These banks included twelve from nationalised banks' group, four from SBI and its associates. Random sampling technique was used for the study. The samples banks are listed in **Table 1.**

Table 1: List of Bank studied

S. No.	Public-Sector Banks
1	Allahabad Bank (AB)
2	Bank of Baroda (BOB)
3	Bank of India (BOI)
4	Canara Bank (CAB)
5	Central Bank of India (CBI)
6	Corporation Bank (COB)
7	IDBI Bank Ltd. (IDBI)
8	Indian Overseas Bank (IOB)
9	Oriental Bank of Commerce (OBC)
10	Punjab National Bank (PNB)
11	Syndicate Bank (SB)
12	State Bank of Bikaner and Jaipur (SBBJ)
13	State Bank of Hyderabad (SBH)
14	State Bank of India (SBI)
15	State Bank of Patiala (SBP)
16	Union Bank of India (UBI)

* IDBI continued to serve as a development financial institution till the year 2004, when it was converted into a bank. In 2008, the name of IDBI Ltd. was changed to IDBI Bank Ltd.

Data Collection

The study is based on the secondary data. The data was collected through Report on Trends and Progress of Banking in India and statistical tables relating to banks in India.

Tools of Analysis

To evaluate the performance of banks, simple growth rate, exponential growth rate, mean, standard deviation, and coefficient of variation were applied. To analyse their performance, five parameters were selected. These are deposits, total expenditure, spread, net profit, and total assets.

DATA ANALYSIS AND FINDINGS

Deposits over the Years

The growth of deposits (in percentage) of public-sector banks for the period 1998-99 to 2012-13, taking the previous year as the base year, is shown in **Table 2.**

Table 2: Deposits of Public-Sector Banks

Growth Rate (in percentage)																Mean	SD	CV	EGR
S. No.	Banks	1999 - 2000	2000 -01	2001 -02	2002 -03	2003 -04	2004 -05	2005 -06	2006 -07	2007 -08	2008 -09	2009 -10	2010 -11	2011 -12	2012 -13	Lakhs	Lakhs	%	%
1	AB	13.74	13.97	12.73	12.34	23.61	29.50	18.98	22.77	20.27	18.65	24.81	24.36	21.00	11.99	6763571	5375807	79.48	17.46
2	BOB	15.00	5.23	14.48	7.38	9.95	11.46	15.16	33.37	21.71	26.55	25.40	26.60	26.00	23.13	13162330	10495244	79.74	16.88
3	BOI	7.46	8.24	15.54	7.94	10.16	11.01	19.17	27.63	25.13	26.46	21.11	30.08	6.47	19.99	14667195	11150981	76.03	15.36
4	CAB	14.40	23.05	8.40	12.59	19.76	12.23	20.53	21.90	8.21	21.30	25.55	25.28	11.25	8.81	15200605	10514338	69.17	15.27
5	CBI	17.04	15.74	13.53	8.54	9.27	8.66	9.43	24.51	33.27	18.99	23.49	10.64	9.38	15.22	9850182	6478888	65.77	14.27
6	COB	13.32	15.97	14.28	14.80	6.75	17.43	20.72	28.84	30.85	33.49	25.34	25.90	16.61	21.93	5671898	4944935	87.18	18.41
7	IDBI	25.33	3.46	46.73	15.24	66.57	50.30	72.16	66.74	68.38	53.98	49.17	7.64	16.62	7.90	7244669	8400335	115.95	31.52
8	IOB	10.97	12.73	16.03	15.37	13.03	6.65	14.21	36.04	22.67	18.72	10.67	31.08	22.86	13.29	7787876	5816236	74.68	15.87
9	OBC	31.48	11.70	15.43	4.63	19.67	34.13	4.90	27.49	21.66	26.35	22.25	15.63	12.16	12.78	7246633	5297433	73.10	16.77
10	PNB	16.44	18.21	14.24	18.23	15.96	17.35	16.01	16.86	19.02	26.01	18.86	25.49	21.31	3.15	16297008	11951748	73.33	16.16
11	SB	18.78	6.08	13.76	7.40	38.89	8.71	15.83	46.64	21.03	21.76	0.98	15.87	16.48	17.36	7706571	5420858	70.34	15.93
12	SBBJ	17.22	13.80	12.93	13.49	18.20	21.71	13.95	31.28	19.76	14.99	17.42	16.92	14.33	17.12	2958817	2075758	70.15	15.94
13	SBH	18.01	18.48	17.25	18.37	17.76	19.26	17.61	21.98	20.73	24.63	16.85	21.46	11.40	14.78	4606080	3367843	73.11	16.91
14	SBI	16.43	23.37	11.42	9.45	7.60	15.20	3.54	14.60	23.40	38.08	8.36	16.14	11.75	15.24	52936808	33253993	62.82	14.01
15	SBP	15.08	13.68	20.50	28.12	25.76	17.90	27.48	16.00	23.95	23.54	7.57	5.44	16.68	11.65	3957557	2692481	68.03	16.46
16	UBI	10.55	12.16	14.06	12.45	12.98	22.29	19.83	14.96	21.93	33.55	22.59	19.07	10.08	18.35	10346857	7758447	74.98	15.98
	PUSB	16.33	13.49	16.33	12.90	19.74	18.99	19.34	28.22	25.12	26.69	20.03	19.85	15.27	14.54	11650291	8437208	75.87	17.07

As shown in the table, the maximum growth rate of deposits (72.16%) among the public-sector banks was achieved by IDBI Bank in the year 2005-06 and the minimum growth rate was achieved by Syndicate Bank (0.98%) in 2009-10. During the year 1999-2000, the OBC (31.48%) got the first rank, followed by the IDBI Bank (25.33%) and Syndicate Bank (18.78%) got the second and third ranks respectively. The table also reveals that the BOI (7.46%) occupied the lowest rank, followed by the UBI (10.55%) and IOB (10.97%) occupied the lowest second and third rank, respectively, in terms of the growth rate of deposits in the year 1999-2000. In the year 2012-13, the growth rate of deposits was highest for the BOB (23.13%), followed by Corporation Bank (21.93%) and BOI (19.99%) occupied the top 1st, 2nd and 3rd ranks, respectively, during the study period.

On the other side, the least growth rate in deposits in 2012-13 was shown by the PNB (3.15%), followed by IDBI Bank (7.90%) and Canara Bank (8.81%), occupying the lowest 1st, 2nd and 3rd rank, respectively. The statistical analysis reveals that the group mean of public sector banks is 1,16,50,291 lakhs. The analysis also reveals that, among the public-sector banks 5 banks (SBI, PNB, Canara Bank, BOI and BOB) have mean greater than the group mean of public-sector banks under study. The SBI (5,29,36,808 lakhs) is at first rank in terms of mean followed by PNB (1,62,97,008 lakhs) and Canara Bank (1,52,00,605 lakhs) at 2nd and 3rd rank, respectively. The five banks i.e. Allahabad Bank, BOB, BOI, Corporation Bank and IDBI have coefficient of variation above the group coefficient of variation (75.87%) of public-sector banks. Moreover the data reveals that among public sector banks the variation in IDBI (115.95%) is maximum having the highest value of CV. The deposits in terms of dispersion are more consistent with SBI (62.82%). The three banks have recorded higher EGR than the group EGR of deposits of public sector banks (17.07%). The IDBI has highest EGR of deposits i.e. 31.52% followed by Corporation Bank (18.41%) and Allahabad Bank (17.46%) while it is lowest in SBI (14.01%) followed by CBI(14.27) and Canara Bank (15.27%).

Net Profit of Public-Sector Banks

The growth of net profit (in percentage) of public-sector banks for the period 1998-99 to 2012-13, taking the previous year as the base year is summarised in **Table 3**.

Table 3: Net Profit of Public-Sector Banks

Growth Rate (in percentage)																Mean	SD	CV	EGR
S. No.	Banks	1999 - 2000	2000 -01	2001 -02	2002 -03	2003 -04	2004 -05	2005 -06	2006 -07	2007 -08	2008 -09	2009 -10	2010 -11	2011 -12	2012 -13	Lakhs	Lakhs	%	%
1	AB	-48.64	-42.43	100.98	106.94	179.16	16.92	30.34	6.23	29.94	-21.15	56.95	17.97	31.18	-36.51	69178	55811	80.68	15.52
2	BOB	19.30	-45.37	98.76	41.55	25.13	-30.00	22.18	24.13	39.85	55.15	37.31	38.69	18.04	-10.51	176435	163337	92.58	16.88
3	BOI	-14.08	45.75	102.01	67.25	18.49	-66.27	106.27	60.12	78.90	49.66	-42.10	42.94	7.58	2.68	132212	102875	77.81	18.68
4	CAB	4.88	20.78	160.05	37.43	31.32	-17.08	21.06	5.77	9.59	32.42	45.79	33.24	-18.46	-12.51	163710	118083	72.13	18.19
5	CBI	3.03	-69.17	251.48	87.08	102.31	-42.18	-27.98	93.47	10.47	3.83	85.25	18.35	-57.44	90.43	50154	36339	72.45	13.84
6	COB	21.04	12.65	17.67	35.02	21.19	-20.22	10.51	20.63	37.09	21.47	31.08	20.77	6.56	-4.73	69662	46901	67.33	14.36
7	IDBI	98.28	-68.26	-68.26	35.63	86.30	131.96	82.55	12.38	15.73	17.69	20.10	60.05	23.10	-7.36	66991	69849	104.27	29.38
8	IOB	-24.37	187.38	98.58	80.79	23.19	27.03	20.26	28.73	19.23	10.27	-46.68	51.70	-2.09	-45.99	64911	42421	65.35	16.88
9	OBC	21.08	-27.18	57.99	42.55	50.14	10.89	-26.76	4.23	-39.18	156.33	25.32	32.45	-24.04	16.32	69597	42020	60.38	12.52
10	PNB	9.68	13.60	21.30	49.75	31.64	27.19	2.07	6.99	33.03	50.86	26.35	13.52	10.16	-2.79	274913	283630	103.17	18.19
11	SB	51.25	8.94	6.64	37.34	26.16	-7.20	33.17	33.18	18.44	7.64	-10.90	24.84	25.34	52.61	68115	50353	73.92	18.88
12	SBBJ	31.06	-12.50	56.12	23.57	48.32	-31.78	-29.48	110.84	3.00	28.07	12.82	21.03	18.35	11.99	31667	20298	64.09	14.80
13	SBH	14.59	17.54	50.77	33.07	26.48	-34.17	70.18	18.38	10.18	10.56	33.60	41.75	41.75	11.33	54615	40885	74.86	17.26
14	SBI	99.61	-21.80	51.55	27.71	18.55	7.44	11.43	3.05	48.17	35.55	0.49	-9.83	41.66	20.48	809935	953878	117.77	18.71
15	SBP	29.14	23.27	44.59	38.24	33.64	-33.29	5.59	20.93	12.87	28.48	3.64	18.53	21.97	-16.27	39649	20864	52.62	13.47
16	UBI	-36.81	53.56	102.05	75.94	28.84	0.98	-6.09	25.20	64.07	24.48	20.18	0.34	-14.16	20.75	103006	76243	74.02	18.57
	PUSB	17.44	6.05	72.02	51.24	46.93	-3.74	20.33	29.64	24.46	31.95	18.70	26.65	8.09	5.62	140297	132737	78.33	17.25

As shown in the table, the maximum growth rate of net profit among public-sector banks was achieved by the CBI (251.48%) in the year 2001-02, followed by the OBC (156.33%) in 2008-09, and the IDBI Bank (131.96%) in 2004-05. On the other hand, the minimum growth rate was obtained by the Central Bank of India (-69.17%) in 2000-01, followed by IDBI Bank (-68.26%) in years 2000-01 and 2001-02. The growth rate in terms of net profit was maximum for SBI (99.61%) followed by IDBI Bank (98.28%) in 1999-2000.

It is also noted that the growth rate was least for Allahabad Bank (-48.64%) followed by Union Bank of India (-36.81%) in 1999-2000. In 2012-13, the highest growth rate of net profit was for CBI (90.43%), followed by Syndicate bank (52.61%) and UBI (20.75%), occupying the top 1st, 2nd and 3rd rank, respectively during the study period. On the other side, the least growth rate in net profit in 2012-13 was shown by IOB (-45.99%), followed by Allahabad Bank (-36.51%) and SBP (-16.27%), occupying the lowest 1st, 2nd and 3rd ranks, respectively. It is also noticed that the growth rate in net profit is negative for 8 banks, namely, Allahabad Bank, BOB, Canara Bank, Corporation Bank, IOB, IDBI Bank, SBP and PNB in the year 2012-13. The analysis reveals that the group mean of net profit of public- sector banks was 1,40,297 lakhs. Moreover, among the public-sector banks, 4 banks (SBI, PNB, Canara Bank and BOB) have a mean greater than the group mean of the public-sector banks under study. The SBI (8,09,935 lakhs) got at first rank in terms of mean, followed by PNB (2,74,913 lakhs) and Bank of Baroda (1,76,435 lakhs), at 2nd and 3rd ranks, respectively. The five banks SBI, BOB , Allahabad Bank, PNB and IDBI Bank have coefficient of variation above the group coefficient of variation (78.33%) of public sector banks. Moreover the data reveals that among public sector banks the variation in SBI (117.77%) is maximum having the highest value of CV. Net Profit in terms of dispersion is more consistent with State Bank of Patiala (52.62%). The eight banks have recorded higher EGR than the group EGR of net profit of public sector banks (17.25%). The IDBI Bank has highest EGR of net profit i.e. 29.38% while it is lowest in Oriental Bank of Commerce (12.52%).

Total Expenditure

The status of total expenditure growth rate (in percentage) of public sector banks for the period 1998-99 to 2012-13 taking the previous year as the base year is summarised in **Table 4**.

Table 4: Total Expenditure of Public-Sector Banks

Growth Rate (in percentage)																Mean	SD	CV	EGR
S. No.	Banks	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Lakhs	Lakhs	%	%
1	AB	15.72	12.52	10.05	14.63	-1.42	8.29	17.17	28.98	35.96	16.78	11.07	27.18	39.88	18.96	536328	430866	80.34	16.37
2	BOB	7.98	12.83	3.91	0.06	-4.64	0.99	15.19	27.33	37.19	23.85	7.57	21.58	38.40	21.67	1080840	785927	72.71	13.58
3	BOI	8.53	11.72	-1.98	4.54	-3.51	7.12	13.70	28.20	29.02	29.44	13.25	20.39	32.08	12.38	1095439	780324	71.23	13.18
4	CAB	9.22	13.44	13.65	0.48	0.79	4.97	14.50	32.44	35.86	14.96	6.99	18.80	41.58	12.59	1208559	857251	70.93	14.08
5	CBI	12.96	13.29	6.79	3.27	-4.33	0.37	4.56	15.30	38.09	34.18	16.38	18.34	27.61	14.81	807498	546865	67.72	12.93
6	COB	16.11	7.90	8.96	4.52	1.63	-2.96	22.14	33.06	38.84	36.76	16.99	23.53	48.71	19.31	436331	397962	91.21	17.21
7	IDBI	38.62	36.63	-5.80	18.53	9.83	341.16	100.57	10.33	28.72	39.89	27.42	11.39	29.68	6.50	758872	802191	105.71	31.30
8	IOB	7.30	8.00	10.61	4.10	-1.31	2.66	10.65	29.39	45.39	28.63	9.53	9.65	53.30	17.38	660888	517371	78.28	14.69
9	OBC	30.91	14.67	4.21	2.90	-6.86	14.25	22.35	28.50	39.46	32.18	9.62	8.49	41.95	12.61	585205	450367	76.96	16.03
10	PNB	21.35	12.54	7.99	4.33	1.68	13.83	6.89	17.74	31.09	34.64	7.30	21.67	39.33	17.27	1279794	958502	74.89	15.23
11	SB	13.45	12.67	0.99	-1.84	2.02	18.56	8.30	46.38	38.89	19.66	6.53	2.95	35.16	14.22	605850	416405	68.73	13.73
12	SBBJ	13.76	12.70	2.42	5.49	3.47	7.99	15.95	26.29	30.82	22.08	4.63	17.50	25.72	20.57	259510	172756	66.57	13.63
13	SBH	16.99	14.65	9.79	5.19	7.64	6.68	21.50	19.12	38.94	26.58	5.39	19.45	38.40	17.93	384734	295278	76.75	15.93
14	SBI	13.87	20.80	7.23	3.98	-1.83	0.13	12.46	9.79	26.31	31.49	15.50	6.27	24.23	17.14	4563624	2654453	58.16	12.21
15	SBP	9.88	13.29	7.98	13.71	10.61	7.99	26.92	30.91	51.81	32.56	-2.34	2.48	29.86	22.43	331611	253292	76.38	16.24
16	UBI	14.21	9.64	3.18	4.97	0.99	7.71	17.51	24.04	31.08	29.37	12.91	22.11	28.45	21.24	802682	604114	75.26	14.70
	PUSB	15.68	14.20	5.62	5.55	0.92	27.48	20.64	25.49	36.09	28.31	10.55	15.74	35.90	16.69	962360	682745	75.74	15.69

As shown in the table, the maximum growth rate of total expenditure among public-sector banks is shown by IDBI Bank (341.16%) in the year 2004-05, followed again by IDBI Bank (100.57%), in the year 2005-06. On the other side the minimum growth is shown by OBC (-6.86% in 2003-04, followed by IDBI Bank (-5.80%) in the year 2001-02. The IDBI Bank (38.62%) has shown maximum growth rate of total expenditure, followed by OBC (30.91%) and the minimum growth rate is shown by IOB (7.30%), followed by BOB (7.98%) in the year 1999-2000. In the year 2012-13, the growth rate of total expenditure was highest for SBP (22.43%), followed by BOB (21.67%), and UBI (21.24%) occupying the highest 1st, 2nd and 3rd ranks, respectively, during the study period. On the other side, the least growth rate in total expenditure in 2012-13 is shown by IDBI (6.50%) followed by BOI (12.38%) and Canara Bank (12.59%), occupying the lowest 1st, 2nd and 3rd ranks, respectively, during the study period. The statistical analysis reveals that the group mean of total expenditure of the banks is 9,62,360 lakhs. The analysis further reveals that among the public sector banks, 5 banks, namely, SBI, PNB, Canara Bank, BOI, and BOB, have greater mean than the group mean of the banks study. The SBI (45,63,624 lakhs) is at first rank in terms of mean, followed by PNB (12,79,794 lakhs), and Canara Bank (12,08,559 lakhs) at 2nd and 3rd rank, respectively. The seven banks, i.e., SBH, OBC, IOB, Allahabad Bank, SBP, Corporation Bank and IDBI, have coefficient of variation above the group coefficient of variation (75.74%) of the banks. Moreover, the data reveals that among the public-sector banks, the variation in IDBI (105.71%) is maximum having the highest value of CV. Total expenditure in terms of dispersion is more consistent with SBI (58.16%). The six banks recorded higher EGR than the group EGR of total expenditure of public-sector banks (15.69%). The IDBI has highest EGR of total expenditure (31.30%), followed by Corporation Bank (17.21%), while it is lowest in SBI (12.21%), followed by CBI (12.93%). The lowest value of EGR for SBI indicates its improved profitability.

Spread

Higher the spread, greater will be the profit margin for the banks. The growth of spread (in percentage) of public-sector banks for the period 1998-99 to 2012-13, taking the previous year as the base year is summarised in **Table 5.**

Table 5: Spread of Public-Sector Banks

Growth Rate (in percentage)																Mean	SD	CV	EGR
S. No.	Banks	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Lakhs	Lakhs	%	%
1	AB	14.96	20.67	7.29	24.55	19.34	25.63	15.65	10.99	1.71	21.22	22.78	51.76	28.34	-5.74	198636	153908	77.48	16.39
2	BOB	8.90	12.97	-2.91	11.91	22.26	15.85	6.56	19.25	3.32	30.97	15.93	48.20	17.21	9.68	447511	322273	72.01	14.09
3	BOI	-8.24	27.82	11.24	10.68	8.11	1.61	17.66	30.71	22.92	30.02	4.67	35.70	6.44	8.55	395843	267676	67.62	13.26
4	CAB	-7.86	31.01	-3.33	22.67	20.13	17.45	13.68	12.43	-12.14	33.35	20.41	37.72	-1.71	2.47	398015	230422	57.89	11.57
5	CBI	16.94	18.17	5.92	23.61	11.85	11.91	0.21	3.96	-10.16	0.24	14.22	109.22	-2.94	11.00	264912	150488	56.81	12.14
6	COB	21.20	26.84	7.55	26.70	21.68	17.17	8.62	6.63	10.34	17.16	-30.79	20.77	7.05	8.86	131692	88899	67.50	15.74
7	IDBI	42.21	11.44	41.34	40.41	64.19	-43.26	102.23	73.19	2.82	96.00	70.16	91.87	4.99	18.22	137760	184989	134.28	31.63
8	IOB	19.91	29.85	10.14	25.91	25.91	16.01	11.41	23.88	4.63	7.09	10.39	32.83	19.20	4.70	237281	151819	63.98	15.92
9	OBC	22.23	10.92.	22.95	23.94	20.84	4.66	5.34	5.37	-1.20	19.48	45.63	43.68	0.91	11.51	201391	134873	66.97	14.91
10	PNB	-2.19	26.11	12.60	36.09	16.04	10.54	16.47	18.17	0.35	27.04	20.58	39.27	13.61	10.75	597738	432592	72.37	15.69
11	SB	10.75	32.51	1.27	9.22	18.14	18.51	11.04	14.31	-3.59	22.92	7.54	59.96	16.02	7.26	228891	152589	66.66	15.07
12	SBBJ	13.11	22.03	7.53	12.46	29.94	21.28	14.27	-5.45	0.03	17.48	9.82	46.07	25.52	15.50	103528	66952	64.67	14.64
13	SBH	11.83	17.54	6.28	15.09	12.52	14.38	13.71	12.21	-9.37	31.80	27.03	52.88	18.11	16.45	144623	108405	74.96	15.22
14	SBI	14.27	19.04	10.10	9.87	12.11	24.66	11.79	2.98	6.02	22.63	13.41	37.41	33.09	2.40	1858579	1241190	66.78	14.21
15	SBP	24.01	27.22	8.61	20.10	4.20	18.74	2.09	11.42	-19.80	26.63	36.04	52.09	0.49	4.48	116641	68690	58.89	13.25
16	UBI	-8.95	61.01	9.65	12.05	15.92	18.91	15.00	17.53	2.26	33.64	9.93	48.27	11.41	9.17	307567	222190	72.24	15.75
	PUSB	12.07	24.70	9.76	20.33	20.20	12.13	16.61	16.10	-0.12	27.35	18.61	50.48	19.58	8.45	360663	248622	71.31	15.59

As shown in the table, the maximum growth rate of the spread among the banks was achieved by CBI (109.22%) in the year 2010-11, followed by IDBI Bank (102.23%) in 2005-06. The least growth rate of spread in the selected banks is shown by IDBI Bank (-43.26%), in the year 2004-05, followed by Corporation Bank (-30.79%), in the year 2009-10. The growth rate of the spread is maximum for IDBI Bank (42.21%), followed by SBP (24.01%) and OBC (22.23%) in the year 1999-2000. On the other hard, the minimum growth rate of the spread in 1999-2000 is shown by UBI (-8.95%), followed by BOI (-8.24%), and Canara Bank (-7.86%). In the year 2012-13, the growth rate of spread was highest for IDBI (18.22%), followed by SBH (16.45%) and SBBJ (15.50%) occupying the top 1st, 2nd and 3rd ranks, respectively.

On the other hand, the least growth rate the spread in 2012-13, is shown by Allahabad Bank (-5.74%), followed by SBI (2.40%) and Canara Bank (2.47%), occupying the lowest 1st, 2nd and 3rd ranks respectively. It is also noticed that only one bank, namely, Allahabad Bank has shown negative growth rate in spread (-5.74%) in the year 2012-13. The statistical analysis reveals that the group mean of spread of public-sector banks is 3,60,663 lakhs. The analysis further reveals that among the public-sector, banks 5 banks, namely, SBI, PNB, Canara Bank, BOI, and BOB have mean greater than the group mean of public sector banks selected in the study. The SBI (Rs. 18,58,579 lakhs) is at the first rank in terms of mean followed by PNB (Rs. 5,97,738 lakhs) and BOB (Rs. 4,47,511 lakhs) at 2nd and 3rd rank respectively. The six banks, SBH, BOB , Allahbad Bank, UBI, PNB, and IDBI Bank have coefficient of variation above the group coefficient of variation (71.31%) of the public-sector banks.

The data also reveals that among public-sector banks, the variation in IDBI Bank (134.28%) is maximum, having the highest value of CV. Spread in terms of dispersion is more consistent with CBI (56.81%). The six banks have recorded higher EGR than the group EGR of spread of public sector banks (15.59%). The IDBI Bank has the highest EGR of spread (31.63%) followed by Allahabad Bank (16.39%), while it is the lowest in Canara Bank (11.57%) and CBI (12.14%).

Total Assets

The relevant data pertaining to the growth of total assets (in percentage) of public-sector banks for the period 1998-99 to 2012-13, taking the previous year as the base year, is summarised in **Table 6**.

Table 6: Total Assets of Public-Sector Banks

Growth Rate (in percentage)																Mean	SD	CV	EGR
S. No.	Banks	1999 - 2000	2000 -01	2001 -02	2002 -03	2003 -04	2004 -05	2005 -06	2006 -07	2007 -08	2008 -09	2009 -10	2010 -11	2011 -12	2012 -13	Lakhs	Lakhs	%	%
1	AB	13.14	11.90	12.28	13.27	23.72	30.08	22.48	22.37	22.57	17.73	24.63	24.31	20.92	11.72	7704612	6196830	80.43	17.59
2	BOB	12.20	8.05	11.98	7.77	11.37	11.23	19.78	26.24	25.46	26.62	22.39	28.77	24.81	22.31	18639840	15555444	83.45	16.78
3	BOI	3.97	6.25	17.19	9.77	10.74	11.92	18.21	26.15	26.26	26.09	21.93	27.71	9.50	17.70	17448970	13282887	76.12	15.20
4	CAB	13.06	22.12	8.69	13.63	21.31	10.81	20.41	24.95	8.78	21.67	20.53	26.95	11.33	10.20	17462347	12112283	69.36	15.34
5	CBI	17.39	13.95	11.33	8.54	10.93	8.29	8.87	24.54	33.27	19.12	23.71	14.83	9.55	16.68	11302543	7643437	67.62	14.48
6	COB	11.87	17.54	19.80	11.30	10.97	16.36	19.40	30.15	26.32	30.49	28.49	28.51	13.97	18.27	6822077	5853879	85.81	18.27
7	IDBI	31.96	9.00	35.02	19.39	63.99	525.74	8.85	17.25	25.86	31.91	35.48	8.48	14.78	10.98	11452255	11438413	99.88	32.48
8	IOB	12.91	9.68	16.99	16.12	14.98	7.38	16.81	37.58	23.83	18.86	8.28	36.38	22.86	11.38	9305620	7207844	77.46	16.45
9	OBC	30.65	10.31	19.17	5.34	20.65	31.85	9.00	25.45	22.68	24.12	22.07	17.40	10.40	12.67	13621510	23463482	172.25	16.92
10	PNB	16.85	17.32	14.82	18.25	18.68	23.36	15.07	11.81	22.53	24.07	20.13	27.54	21.11	4.51	19448830	14622147	75.18	16.68
11	SB	24.06	3.98	12.44	8.44	37.13	10.35	17.21	46.17	20.00	21.58	6.75	12.58	16.56	17.89	8824980	6318373	71.60	16.32
12	SBBJ	21.91	11.20	12.16	15.98	12.30	15.53	17.57	25.42	19.26	12.67	16.86	16.17	15.21	18.60	3593640	2383995	66.34	15.21
13	SBH	17.60	18.27	20.61	18.13	17.28	13.95	16.34	20.71	25.62	24.51	15.48	20.42	10.89	15.01	5590493	4025980	72.01	16.67
14	SBI	17.52	20.70	10.32	7.94	8.50	12.77	7.42	14.68	27.35	33.66	9.23	16.17	9.13	17.28	68779625	43274116	62.92	13.94
15	SBP	13.43	16.35	21.03	22.79	26.34	17.12	30.89	15.10	24.44	17.96	9.20	6.85	21.17	10.20	4775643	3263260	68.33	16.45
16	UBI	12.02	11.41	13.85	15.07	14.21	24.17	23.08	15.20	20.76	29.83	21.24	20.92	11.11	18.93	12088996	9152899	75.71	16.44
	PUSB	16.91	13.00	16.10	13.23	20.19	48.18	16.96	24.04	23.44	23.80	19.15	20.87	15.20	14.64	14803874	11612204	81.53	17.20

As shown in the table, the maximum growth rate of total assets among public-sector banks is shown by IDBI (525.74%) in the year 2004-05, followed again by IDBI Bank (63.99%), in the year 2003-04. The minimum growth rate is shown by BOI (3.97%) in the year 1999-2000, followed by PNB (4.51%) in the year 2012-13 and OBC (5.34%) in the year 2002-03. The minimum growth rate of total assets in the year 1999-2000 is shown by BOI (3.97%), followed by Corporation Bank (11.87%) and UBI (12.02%). The maximum growth rate of total assets in the year 1999-2000 is shown by IDBI Bank (31.96%), followed by OBC (30.65%) and Syndicate Bank (24.06%). In the year 2012-13, the growth rate of total assets is highest for BOB (22.31%), followed by UBI (18.93%) and SBBJ (18.60%), occupying the 1st, 2nd and 3rd ranks, respectively.

On the other side, the least growth rate in total assets in 2012-13 is shown by PNB (4.51%), followed by Canara Bank and SBP (10.20%), both occupying the lowest 2nd rank and IDBI Bank (10.98%) at 3rd rank. The statistical analysis reveals that the group mean of total assets of public-sector banks is 14803874 lakhs. The analysis further reveals that among the selected banks, five banks i.e. SBI, PNB, Canara Bank, BOI and BOB have mean greater than the group mean of banks selected in the study. The SBI (6,87,79,625 lakhs) is at first rank in terms of mean followed by PNB (1,94,48,830 lakhs) and BOB (1,86,39,840 lakhs) at 2nd and 3rd ranks respectively. The four banks, i.e., Corporation Bank, BOB, OBC and IDBI Bank, have coefficient of variation above the group coefficient of variation (81.53%) of public-sector banks.

The data also reveals that among public sector banks the variation in OOBC (172.25%) is maximum having the highest value of CV. Total assets, in terms of dispersion, are more consistent with SBI (62.92%). The three banks recorded higher EGR than the group EGR of total assets of these banks (17.20%). The IDBI Bank has the highest EGR of total assets (32.48%), followed by Corporation Bank (18.27%) while it is the lowest in SBI (13.94%), followed by CBI (14.48%).

CONCLUSION

The study has revealed that among the public-sector banks, the mean of deposits, total expenditure, spread, net profit and total assets were highest in the case of the SBI, followed by the PNB. The deposits, total expenditure, and total assets, in terms of dispersion, were more consistent with the SBI. Spread, in terms of dispersion was more consistent with the CBI and net profit' in terms of dispersion, was more consistent with the SBP. Furthermore, the EGR of deposits, total expenditure, spread, net profit and total assets was highest for the IDBI.

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"Success is not in what you have, but who you are."

Bo Bennett
Founder, eBookit.com

♦♦♦♦♦

"Your most unhappy customers are your greatest source of learning."

Bill Gates
Founder and CEO, Microsoft

♦♦♦♦♦

"If you just work on stuff that you like and you're passionate about, you don't have to have a master plan with how things will play out."

Mark Zuckerberg
Founder and CEO, Facebook

♦♦♦♦♦

"Courage is grace under pressure."

Ernest Hemingway

DETERMINANTS OF CAPITAL STRUCTURE IN AUTOMOBILE COMPANIES
An Empirical Study

Poornima B.G.* and Y.V. Reddy**

Abstract

Capital structure is the way a company arranges its finances through a combination of equity and debt. It is designed with the aim of maximizing the market value of the company in the long run. The study seeks to explore the determinants of capital structure with the financial leverage of the Indian listed Automobile companies for the period 2008-09 to 2014-15. Automotive industry is perhaps the greatest engine of economic growth. In India, automobile is one of the largest industries, showing impressive growth and contributing significantly to the overall industrial development in the country. The determinants include liquidity, size, tangibility, profitability, risk, non-debt tax shield and growth. The study employs the Panel Data Models to examine the relation between capital structure determinants and financial leverage. The study has revealed that profitability, growth and tangibility significantly influence the financial leverage.

Key words: *Capital structure, Automobile sector, Financial leverage, Liquidity, Profitability, India*

INTRODUCTION

Finance lays the foundation that helps the organisation to grow. It is the circulatory system which provides an enterprise the needed co-operation between various activities. The most crucial function of finance is to accumulate finance as and when it is needed for a new activity and for a follow- up activity. It is mainly concerned with the identification of potential sources of funds and tapping these sources as per the funding requirements of the firm, often referred to as the capital structure decisions. Capital structure means a certain proportion of equity and debt made use of by the firms to finance their assets. The main function of a finance manager is to make sure that it accrues lesser cost in raising capital whereby maximizing shareholders wealth. A right blend of debt-equity assumes implication as it affects the risk return profile of the business. Excessive amount of debt will jeopardize the continued existence of the business. On the contrary, higher equity component in the financing mix will result in lower earnings per share for the shareholders. Capital structure must be planned vigilantly keeping in mind the shareholders wealth.

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Capital structure is the vital decision one, since the profitability of an enterprise is directly affected by such decision. The successful selection and use of capital is one of the key elements of the firm's financial strategy. Hence, proper care and attention need to be given while determining the capital structure decision.

Relevant Concepts

The following section gives a brief description of the variables which affect the capital structure of the firm.

Financial Leverage

Financial leverage, also referred to as trading on equity, occurs when firms organize debt funds with some interest charges. Higher the financial leverage, lower the cushion for paying interest on borrowings and vice-versa. Capital structure decisions should always aim at having debt component in total component in order to increase the earnings available for equity shareholders. Total debt ratio indicates the fraction of a company's assets offered in comparison to debt.

Liquidity

Liquidity is yet another factor affecting the capital structure. Greater the liquidity of a firm, the lesser will be the risk of bankruptcy. This would instil the confidence of investors in the company. Liquidity is the ability to convert an asset to cash immediately. It is also known as "marketability". The balancing of debt and equity is possible only when the marketability is created for the securities of the firm. Capital structure decisions will be affected by the firm's ability to market its securities.

Profitability

The earnings that are generated determine the efficiency of the capital that is employed in the business. It is the benefit that is gained when revenue exceeds expenditure, costs and also taxes. It is assumed that higher the profit earned by the firm would result in higher retained earnings and ultimately firms would use lesser debt funds and vice-versa.

Tangibility

Asset tangibility refers to all types of tangible assets that possess some degree of debt capacity. When the firms possess high tangible assets, it gives them the prospects for raising higher level of debt using assets as the collateral. The lenders also reduce their risk of suffering from agency costs.

Size of the firm

Size of the firm also acts as an influential factor in the financing decision of the company. It is measured as a sales volume of a firm. Larger the size, more stable is the cash flow, easier excess to the capital market. But, it is not quite the same for the small size firms. In contrast to the small size firms, financial distress risk is lower for large size firms.

Growth

Yet another determinant that influences the capital structure decision of the firms. When the firm has a lower growth rate, it means that it uses internally generated funds and if the firm is growing at a faster pace than it uses external funds as investors are willing to invest in such businesses.

Risk

Bankruptcy and agency cost implies a negative relation between capital structure and business risk. It states that if the firm's earnings are less stable then the chances for the failure of the business and the bankruptcy costs will also be greater. This would lead to an increase in business risk. And as a result of that the lenders will not lend fearing the company's failure in the repayment of loans. Hence, debt portion in the capital structure would be lesser.

Non-debt Tax Shield

In order to reduce the tax bill, firms want to exploit the tax deductibility of interest. If they have other tax deductible item which they can use as tax shield other than debt then the leverage will be low. So, there exists a negative relationship between non-debt tax shield and leverage.

REVIEW OF LITERATURE

The capital structure is considered to be a very important decision, as it affects the cost of capital, earnings per share, net profit, and liquidity of the firm. These factors have a significant impact on the value of the firm. In this regard, one needs to know various capital structure theories, propounded by Modigliani and Miller (1958, 1963 & 1977), the Pecking Order Theory, proposed by Myers and Majluf (1984) and the Agency Theory of Jensen and Meckling (1976).

Modigliani and Miller Theory (1958) showed that under perfect market capital structure decision is irrelevant to the value of the firm. In 1963, they argued that the capital structure is relevant to the firm-value under taxation condition. In 1977, they modified their theory and said that personal taxes are relevant to value of the firm.

The pecking Order Theory states that the firm will borrow, rather than issuing equity, when internal cash flow is not sufficient to fund the capital expenditures. Thus, the amount of debt reflects the firms' cumulative need for external fund.

The agency cost theory is based on the assumption that agents may not always act in the interest of the principals and it will lead to conflict of interest between the agent with those of the principal and will result in loss in return to the principal. Agency cost includes monitoring expenditures of principal, bonding expenditure by the agent and residual loss.

Venkatamuni and Hemanth (2008) investigated the nature and pattern of financing the capital structure of Indian Corporate in general and Pharmaceutical companies which are registered at NSE in specific. The hypothesis associated with target adjustment model and pecking order model are tested using OLS, GLS and Fixed Effects Models. The results obtained contradict the pecking order model and supports the target adjustment model. Firstly, the study finds that the companies are financially stable and mostly finances their investments from retained earnings, and for the rest, they depend more on equity rather than debt finance. Secondly, the paper infers that Indian pharmaceutical companies finance their investments mainly through internal funds and the rest is financed through equity share capitals.

Raj and Ajit (1996) examined the effect of financing decisions on the value of the firm both at the micro and macro level. They found that there is no significant relationship between change in capital structure and the value of the firm at the micro level and concluded that in India too, wherein the capital markets are imperfect as in west, companies have no definite way of determining their optimal capital structure. Because capital structure is just one of the many factors like the reputation of promoters, management of the company, economic and political conditions, role of bulls and bears, government policies, etc., which are not measurable as they are qualitative in nature.

Chang, Chen and Liao (2014) identified profitability, industry leverage, asset growth, tangibility, firm size and state control variables as the factors which effect the book leverage of the Chinese firm. They concluded that the state-control as a dummy variable was negatively associated with the book leverage.

Anshu and Kapil, (2014) sought to identify major determinants of capital structure of 870listed Indian firms, comprising both private-sector companies and government companies for the period 2001 to 2010. They concluded that the factors, such as profitability, growth, asset tangibility, size, cost of debt, tax rate, and the debt-serving capacity have significant impact on the leverage structure chosen by firms in India.

Saurabh and Anil (2015) study the impact of capital structure on firm financial performance. 422 companies which are listed on Bombay Stock Exchange are accounted for to analyze the relationship between leverage and firm performance for a period of 10 years ranging from 2003 to 2013. The authors have employed Ratio analysis and panel data approach to perform the empirical study. Return on asset, return on equity and Tobin's Q are used as the proxy for measuring the firm's financial performance. It was found that financial leverage has no impact on the firm's financial performance parameters of return on asset and Tobin's Q. However, it is negative and significantly correlated with return on equity. Other independent variables like size, age, tangibility, sales growth, asset turnover and ownership structure are significant determinants of a firm's financial performance in the Indian manufacturing sector.

Arindam and Anupam (2015) investigate the influence of capital structure on dividend payout ratio of the companies listed in BSE500 in India during the pre- and post-period of the recent global recession. The pre-recession period has been taken from 2001–2002 to 2006–2007 while the post-recession period from 2007–2008 to 2012–2013. The dependent variable taken into consideration is the Dividend Payout ratio and 10 independent variables taken into consideration are Business Risk, Size (Log Sales), Size (Log assets), and Growth Rate (Assets), Interest Coverage Ratio, Degree of Operating Leverage, Financial Leverage, Return on Assets, Tangibility and Non-Debt Tax Shield. Logistic regression has been utilized in this study. It is found from the study that Growth Rate (Assets) and Profitability (Return of Assets) are significant variables influencing the dividend payout ratio in the prerecession period, while Profitability (Return of Assets) and Financial Leverage are significant variables influencing dividend payout ratio in the post-recession period.

Reasons for selecting Automobile industry

The present study is conducted in the context of Indian Automobile industry, considered as the fastest growing sectors in the economy. Evolution of the automotive component industry inevitably followed the growth of the Auto industry. In the last decade, Automobile industry has contributed 5% GDP in the Indian economy. It has the capacity to develop into a significant market for automobile manufacturers. As such through this study, the various factors considered in financing decisions of automobile sectors were identified and are used to understand the impact of each independent variable, while raising total debt for Indian firms in the automobile sector.

OBJECTIVES OF THE STUDY

The present study seeks to achieve the following objectives:

1. To identify the various factors that influence the capital structure of a firm; and
2. To assess the impact of each independent variable, while raising total debt for an automobile company in India.

Hypotheses

The following hypothesis was formulated :

H_0: There is no significant relationship amongst financial leverage and the explanatory variables (liquidity, profitability, tangibility, size of the firm, growth, risk, non-debt tax shield).

RESEARCH METHODOLOGY

Data and Data Source

The study focuses on the capital structure in the selected Indian Automobile sector. The necessary data has been acquired from 'PROWESS Database' of CMIE. Data was extracted by analysing the financial statements for the years 2008-2009 to 2014-2015. The total number of companies listed in Auto Index National Stock Exchange are 15 which are as follows: Amarajabat Ltd, Ashok Leyland Ltd Apollo Tyres Ltd, Amtek Auto Ltd, Bharat Forge Ltd, Bajaj Auto Ltd, Bosch Ltd, Eicher Motors Ltd, Exide Industries Ltd, Hero MotoCorp Ltd, MRF Ltd, Mahindra and Mahindra Ltd, Maruti Suzuki India Ltd, MothersonSumi Systems Ltd, Tata Motors Ltd.

Variables Considered

On the basis of an enormous literature review, the variables (factors) affecting the capital structure decisions were identified. These are listed in **Table 1.**

Table 1: Factors affecting Capital Structure

Variables	Definition	Type of Variables
Financial Leverage	Total Debt/ Total Assets	Dependent
Liquidity	Total Current Assets/ Total Current Liabilities	Independent
Profitability	EBIT/Total Assets	Independent
Tangibility	Net Fixed Assets/ Total Assets	Independent
Size of the firm	Log of Sales	Independent
Growth	Change in Total Assets	Independent
Risk	EBIT/ EAIT	Independent
Non- Debt Tax shield	Depreciation/ Total Assets	Independent

Econometric Models Employed

Panel Data Econometric Models were employed to study the precise factors of capital structure in the automobile sector in India. The Panel data analysis uses both time dimensions and cross section dimensions. The Fixed Effects model and the Random Effects model are the most widely used models under the Panel data. In the Fixed Effects model, each cross- sectional unit has its own intercept value, while in the Random Effects model, the mean value of all cross-sectional intercepts is represented by others intercept. This model is based on the assumption that the constant will be randomly determined to ascertain the independent variables or the error. Specification Tests, like the F-test, the LM test and the Hausman test are used to establish as to which model is appropriate to establish the relationship amongst financial leverage and capital structure determinants.

Empirical Results

Descriptive Statistics

The descriptive statistics of the selected capital structure variables of 15 automobile companies are summarised in **Table 2**.

Table 2: Descriptive Statistics

Variables	**FL**	**Liq.**	**Prof.**	**Tang.**	**Size**	**Growth**	**Risk**	**NDTS**
Mean	0.1876	1.2723	0.1946	0.2834	4.8625	0.3104	2.3895	0.0332
Std Error	0.0359	0.3174	0.0215	0.0283	0.1325	0.0210	0.2636	0.0035
Median	0.1712	0.9401	0.1802	0.2732	4.9056	0.3237	2.0679	0.0292
Std Deviation	0.1391	1.2292	0.0833	0.1097	0.5132	0.0813	1.0210	0.0136
Variance	0.0193	1.5109	0.0069	0.0120	0.2634	0.0066	1.0424	0.0002
Kurtosis	-0.8785	10.4468	-0.2433	-1.0981	-0.8241	-0.5219	3.3259	-0.1459
Skewness	0.4649	3.0411	0.5401	-0.1554	-0.1866	-0.3444	1.7079	0.6636

As shown in the table, the growth rate of the companies in automobile sector is 31%, on an average, and the profitability is 19% which appears to be reasonably good. The Non-debt Tax Shield is only 3%.

Correlation Analysis

The results obtained from the correlation analysis are summarised in **Table 3.**

Table 3: Correlation Matrix

Variables	FL	Liq.	Prof.	Tang.	Size	Growth	Risk	NDTS
FL	1							
LIQ	0.52	1						
PROF	-0.64	-0.350	1					
TANG	0.77	0.411	-0.450	1				
SIZE	-0.15	-0.465	0.094	-0.193	1			
GROWTH	-0.039	-0.485	-0.014	0.009	0.635	1		
RISK	0.743	0.245	-0.666	0.442	0.171	0.106	1	
NDTS	-0.111	-0.169	0.293	0.161	0.231	-0.170	-0.095	1

As shown in the table, the financial leverage has a mild negative correlation with the profitability, size, growth and NDTS. On the other hand, it has high degree of positive correlation with tangibility and risk. FL has an average degree of correlation with liquidity. Liquidity shows a moderate degree of negative correlation with profitability, size, growth and NDTS, and a modest positive correlation with tangibility. Profitability shows a negative correlation between tangibility, growth and risk and a very low degree of positive correlation with NDTS. Tangibility portrays no relation with the growth as its value is close to zero. Similarly, Size shows a low degree of positive correlation with Risk and NDTS. Growth indicates a negative correlation with NDTS and a very low positive correlation with risk. Risk explains a negative correlation with profitability and a low positive correlation with liquidity, size and growth. It also indicates a high degree of correlation with financial leverage. NDTS shows a negative and a very low degree of correlation with all the other variables in the study. Correlations analysis shows that there is no evidence of severe multi-collinearity among the variables under consideration.

Panel Data Analysis

In the panel data framework, three types of models are widely used. These are: Pooled Ordinary Least Square (OLS) regression model, Random Effects Model (REM) and Fixed Effects Model (FEM). Fixed Effects Test, LM Test and Hausmantests are used to select the appropriate models under consideration. Fixed Effects (F-test) helps to decide between Fixed Effects Model and OLS. The LM test identifies whether REM or OLS is appropriate. We are unsuccessful not to reject the null hypothesis using LM test and conclude that REM is appropriate, which means that variance across the companies under consideration is not zero. In other words, there exists significant difference across the companies under study. While the Hausman Test helps to decide between Random Effects Model and Fixed Effects Model. On the basis of the inferences shown in the above table we it conclude that null hypothesis of the Hausman tests cannot be rejected at 10% significance level and hence REM is more appropriate than OLS and FEM. Therefore OLS and FEM are not suitable to evaluate the relationship between Financial Leverage and the factors affecting Financial Leverage. It is also evident from the REM that we cannot reject the hypothesis due to the absence of correlation amongst firms unobservable individual effects and Financial Leverage. But one can notice the similarities of impact in terms of signs of all the variables between FEM and REM. That is, profitability, tangibility and size has negative association and rest of the variables has positive impact on financial leverage under both FEM and REM. As per random effects model, growth is significant positively at 1%, profitability and tangibility are significant at 10%.

Table 4: Panel Data Analysis

	OLS	FEM	REM
CONSTANT	0.011101 (0.112244)/ [0.098897]	0.210304 (0.239711)/ [0.877323]	0.102646 (0.154923)/ [0.662564]
GROWTH	0.038532 (0.030100)/ [1.280138]	0.035243 (0.021165)/ [1.665147]	0.038206*** (0.019362)/ [1.973262]
LIQ	0.011811 (0.007522)/ [1.570248]	0.001320 (0.006646)/ [0.198656]	0.002586 (0.006187)./ [0.417942]
NDTS	-0.563190 (0.621066)/ [-0.906812]	0.217456 (0.538863)/[0.403546]	0.117471 (0.505762)/ [0.232266]
PROF	-0.397566* (0.140353)/ [-2.832617]	-0.395594** (0.171035)/[-2.312940]	-0.452902* (0.146190)/ [-3.098039]
RISK	0.015852** (0.007769)/ [2.040265]	-0.004172 (0.005503)/ [-0.758138]	-0.001447 (0.005355)/ [-0.270285]
SIZE	-0.000338 (0.020827)/ [-0.016220]	-0.041596 (0.050760)/ [-0.819460]	-0.015621 (0.030522)/ [-0.511790]
TANG	0.738916* (0.105154)/ [7.026977]	0.870520* (0.175858)/ [4.950135]	0.823899* (0.132740)/ [6.206878]
R2	0.704228	0.919370	0.535731
F Statistics	22.78937***	28.77720***	11.04469***
Fixed Effects (F Test)		F(7, 53) = 6.67542***	
Breush Pagan LM test			Chi-square(1) = 41.0505***
Hausman test			Chi-square(7) = 10.0432

Note : The values in small brackets ( ) are Standard Errors and the values in square brackets [ ] are statistics.

CONCLUSION

We analysed the various the financial leverage determinants, using the Panel data Models on 15 automobile companies. Our findings support the assumption of the theory of capital structure, called the pecking order theory, which states an inverse relationship between the level of the debt employed and the profitability. As the profit increases, companies rely less on the external debt. But still automobile sectors seem to employ more long term debt. Higher financial leverage indicates the lower interest outflow despite its negative relation amongst capital structure and risk. Evidently, firms in the automobile sector have high growth opportunities with the growing demand in the sector, as the relation of growth with financial leverage has been found positive, statistically significant in the study. This indicates, higher growth motivates the firm to raise lesser level of debt component in its capital structure which helps to avail maximum amount of tax benefit and increase the amount available for the shareholders. A positive statistical significant relation was also found between financial leverage and tangibility. This supports the statistical significance of variables determining the capital structure in the automobile sector. The results support the predications of pecking order theory. The study helps companies in understanding the factors that influence capital structure of a firm and design appropriate capital structure.

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"Someone is sitting in the shade today because someone planted a tree a long time ago."

Warren Buffett

'One Belt, One Road' Initiative and China's Co-operation with South Asia: The Indian Perspective

"One Belt, One Road" is China's ambitious project focussed on building networks of connectivity from China to Europe. The *New Silk Road Economic Belt* would run through the continents of Asia, Africa and Europe, connecting the vibrant East Asian economic circle, at one end, and the developed European economic circle at the other. As proposed, it would encompass countries with huge potential for economic development. The project, thus, aims at commercial growth through increased regional connectivity in terms of trade, investment, finance, and the flow of tourists and students.

Some of the initiatives agreed to during the China visit of Indian Prime Minister, Narendra Modi, in May 2015, indicated growing areas of cultural co-operation. Out of the 21 agreements signed by the two governments during the visit, many have the potential to promote people-to-people relationship and scholarly exchanges. These include: increasing the youth exchange from 100 to 200 people each year, joint research in areas like nuclear energy and space, and the granting of e-visas to Chinese tourists.

The OBOR initiative is intended to accelerate the trend towards a multi-polar world, economic globalisation, cultural diversity and greater IT application, in an attempt to promote global free trade and an open world economy. In one of its biggest economic initiatives, China is keen for India's co-operation. India's response to the OBOR, however, has been cautious, given the on-going issues between the two countries. These include a pending border issue, and China's ties with India's neighbours. The OBOR project will include the China-Pakistan Economic Corridor (CPEC) as its flagship project. The CPEC is expected to connect Kashgar in China with the Gwadar port in the unstable Baluchistan province of Pakistan. It will also pass through Pakistan-occupied Kashmir and Gilgit-Baltistan. These connections are likely to cause India some discomfort.

Security concerns notwithstanding, it makes good economic sense for India to become a part of the Chinese supply-chain of markets and resources, and to participate in the OBOR to develop its own capabilities, just as it has done in the case of the Asian Infrastructure Investment Bank and the BRICS New Development Bank.

Some measures for India's participation in OBOR can be suggested:

1. Develop and leverage the unique position of the Andaman and Nicobar Islands as a modern transport and regional shipping hub for the Bay of Bengal Basin.

2. The next level would involve the development of the Chahbahar port to the west, with road and rail links to Central Asia; the Trincomalee port to the east, with shipping links to the Bay of Bengal littoral ports and beyond; the Mekong-Ganga corridor, linking India's east coast with Indo-China; and the Kaladan multi-modal transport corridor in Myanmar's Rakhine province, including the port of Sittwe. The proposed BCIM corridor could then become part of this broader network.

3. Once this primary circle has been secured, one could move on to progressively expanding circles as resources become available. What is important to note is that in this 21st century, strategy, security, and economics go together.

4. As of May 2015, there are over 13, 500 Indian students studying in China. On the other hand, the number of Chinese students studying in Indian universities has remained very low, at about 2,000, for the last few years. There is a large scope for increasing the number of Chinese students joining Indian universities, and vice a versa. In addition, interaction between the teaching faculty in the two countries should be enhanced through workshops and seminars.

5. Cultural exchange programmes should be increased.

6. Games and sporting competitions should be encouraged at the school and university levels. Such events will surely serve as effective avenues for strong personal ties. Friendship built through games and sports often lasts lifetimes and fosters mutual respect and admiration.

As major economies, the two neighbouring giants should cherish their 2,000-year-old relationship, join hands to deepen their friendship and strategic co-operation, and promote common development. This will be their contribution to peace and progress in the region and the world as a whole.

Prof. D.P.S. Verma

GUIDELINES FOR WRITING BOOK REVIEW

We invite academicians and others to write reviews of books on business management and allied subjects.

The book-reviewers are requested to follow the guidelines given below:

1. The reviewer should begin with a listing of the bibliographical details of the book, comprising the name(s) of the author(s), full title and sub-title of the book (as they appear on the cover), details of the place and name of the publisher, year of publication, number of pages in the book, whether hardbound or paperback, and the price, if mentioned.

2. The review can range from 1000 to 3000 words, depending on the topic and the importance of the book.

3. The review should engage with the theme of the book and the issues and problems raised, and should make a rigorous attempt to identify and assess the main arguments put forth by the author.

4. The review should be written in a manner and style that would qualify it as a short article in its own right.

5 The reviewer should provide a confrmation that this review has not been sent for publication elsewhere and that the author will cede the copyright, if it is accepted for publication in NICE Journal of Business.

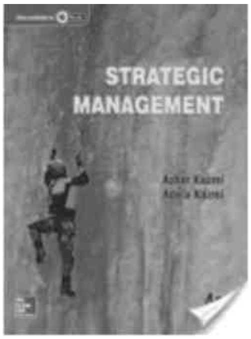
6 The book under review should have been published recently, preferably in the current or the previous year, and be preferably the new release.

7 The reviewer should also comment on the stylistic aspect and literary presentation of the book.

8 Bibliographical references should be avoided. If the references are considered essential, the citation style adopted by NICE Journal of Business should be used.

Thus, the review should be an objective assessment of the book, indicating its specifc strengths and weaknesses, and an overall assessment by the reviewer.

BOOK REVIEWS



Azhar Kazmi & Adela Kazmi
Strategic Management
4th ed. (2015)
McGraw Hill Education (P) Ltd,
New Delhi
Pages: 676
Price: Not mentioned

Romeo and Juliet, India and the Taj Mahal, Shirin and Farhad, we humans are fond of pairs. So, here we once again have the long-standing pair Strategic Management and Prof. Azhar Kazmi. This time, the famous two-some is joined by yet another to make it a wholesome three-some: Dr. Adela Kazmi, an academician in her own right. Prof. Kazmi's presence in this area is almost given. With each renewed edition, there is increasingly ample demonstration of the depth of his research on the eco-commercial domestic and global world, of the detailed comprehension he has of the genesis and evolution of this area spread over the last three decades, of the talent he has in relating the conceptual links to practical applications drawn liberally from the world of the body corporate and of the logical and structured mind he possesses, easily deciphered from the overall arrangement of the book. The credentials of the long-standing veteran author need no repetition, considering his contribution with exceptional focus to this area for more than three decades. He now receives the unflinching support of his co-author who brings with her an outstanding academic track record. Add to this, the cherry on the cake, as mentioned, the book is co-authored by daughter Dr. Adela. They have brought together a covetable volume of great use to the students of management and related disciplines.

The acknowledged best way to teach this subject is through the Case Study method. The book starts with a bang: a short but relevant and timely business situation presented as a Preview Case, to show the collateral damage caused if a firm does not strategise. Part 5 of the Book on "Applying Strategic Management" has devoted an entire section for the novice, explaining the components and advantages of its methodology. This trend is carried with persistence through the entire length of the book, chapter after chapter, with every one of them beginning with a similar well-connected Preview Case.

Having built up a reputation for writing books which are scientifically structured, logically laid out, and lucidly told, the Kazmis' appear to have no problem to continue in this vein. In using the Case Study as a pedagogical tool, they appear to have surpassed any ordinary author; it is difficult to calculate the number of real-life commercial examples cited in support of the concept presented.

Every single case chosen by the authors is based on the scenario obtaining in the Indian sub-continent. This has the dual benefit of the authors demonstrating insight into the overall economic and non-economic macro and micro environment picture and ensuring that the reader is cajoled into concentrating on the larger framework that an emerging economy, like ours, shows.

As is typical of the well-known Kazmi thought process, the book has clearly been laid out for both the serious student of management studies as well as for the practising manager, irrespective of the level of operation. There would certainly be a larger number of business executives, keeping for ready reference, a copy of this latest offering in their office.

Although McGraw Hill has offices all over the globe, the focus of the book clearly points to the Indian audience. Once again, the subject coverage by the Kazmi's would more than adequately cover the assorted syllabi of almost all the leading universities here.

Brief Critique

While a genuine and successful effort has been made to bring the book abreast with current international changes, some areas warrant improvement. For example, the option of the Blue Ocean strategy is now almost two decades old, yet one finds only a passing reference to it and even the

Subject Index at the end of the book has ignored it. Similarly, VRIO as an Internal Analysis standard practice has merely an 'honorable mention', whereas it certainly deserves better in-depth treatment.

Another seriously lacking zone is the area of strategic formulation which forms Part 2 of the book. The coverage commences with the customary details of appraisals of the environment and the firm, while ordinarily the author ought to have started with a description of the assorted approaches to this component of the strategic management process. Thus, one does not find any coverage on the four imperatives, namely, economic, political, qualitative, and administrative coordination, nor has any reference been made to the four pre-dispositions: ethnocentric, polycentric, region-centric and geo-centric. Ignoring the imperatives and predispositions deprives the reader from any logic or justification of arriving at the alternatives for entry strategies (either into a new industry or a new market/country).

Again, it is puzzling why the concept of strategy formulation analytical framework (SFAF) consisting of its eight matrices, has been neglected. Ideally, given the author's penchant for making available appropriate real-time business situations, one would have liked to see individual case studies for each of the individual matrix of SFAF as well as not forgetting to mention a word on the limitations of this useful tool being currently deployed in the Indian corporate world.

Layout and Printing Quality

The design chosen for the cover page shows a mountaineer struggling to reach the top of a sheer cliff; seemingly conveying the impression that success finally depends on grit, hard work and determination. However, over the passing decades, and with the current pressure that globalisation has brought in, it has now been universally accepted that success without teamwork is a pipedream.

The quality of binding is high and the book can face the rigours of even an uncaring reader.

Overall Assessment

This book leaves no doubt on the mastery of the authors has over their chosen subject. It is well laid out and amply gilded with relevant examples and citations. The book would constitute an excellent choice for the serious student.

On a scale of 0 to 10, it would be unfair to award anything lower than a 6.

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Harsh V Verma and Ekta Duggal
Marketing
Oxford University Press, Delhi
2015 ed.
Pages: 442
Price: Rs. 425

Marketing is primarily seen as a set of activities or a process aimed at achieving certain objectives that revolve around the customer satisfaction. However, the soul of marketing is touched when Peter Drucker elevates marketing to just not a function, rather seeing the whole business from the customer's point of view. According to Theodore Levitt, the entire corporation must be viewed as a customer-creating and customer-satisfying organism. In fact, marketing cannot be confined to a certain set of activities; rather it must be viewed as a business philosophy.

Any textbook on Marketing must aim at two aspects: to make the students understand marketing as a set of activities and processes aimed at identifying and satisfying consumers; and to make them learn to see marketing not just as a function, but a philosophy of business to view the whole business from the customers' point of view. A marketing textbook's rating depends on its ability to achieve both the objectives.

'There are plenty of textbooks on marketing', as put forth by the authors of the book under review, falling into the bipolar extremes, where one set of books are big and bulky to the extent that they lose the coherence and ease of reading, and the other set offers a '*quick fix*', compromising on content, pedagogy, and presentation. On this parameter, the book is surely a new addition to the book shelf and it seems to make a perfect balance between the two extremes, 'too lengthy,' and 'too brief,' and seems to achieve its objective to help the student get well-versed with the subject of marketing.

The book under review is a good attempt on the part of the authors to put all relevant concepts in a precise and concise manner, without compromising on the basic objective of a textbook-creating a clear understanding in the mind of the reader. The book has 15 chapters and an equal number of case studies at the end of each chapter, spread across 427 pages.

The book adopts a nice methodology to build a rapport with the reader by initiating the dialogue in the form of putting questions and then building the discussions around it, somewhat like legendary McCarthy used in his classic text book, *Basic Marketing*. The authors go on to strengthen this rapport in creating a better understanding of the basic concepts by way of linking these concepts to well-known examples from the real business world and the print ads.

The reader is likely to hold a very high view of the impressive use of various cases, social and business facts, and empirical studies by putting them in a separately encased text box to enlarge the readers' understanding, viewpoint, and imagination as to how theory links with the empirical business world. Though, at places, it seems to have been overdone. Each chapter in the book starts with a separately-and –distinctively-placed, 'Introduction,' which not only gives a brief, account of the chapter, but also its importance, and relevance vis-à-vis the preceding and succeeding chapters. Similarly, the book has a case study at the end of each chapter which is likely to help the reader build a better understanding of the subject and its implications in the real business world, enabling her to use this understanding in her profession later.

Another noticeable and appreciable aspect of the book is to put across an example of a brand and company, alongside the explanation of each concept and principle. It helps to understand how the particular concept is being used by the particular brand or company to better its marketing strategies, or how a particular brand or company suffered for lack of properly applying the particular concept or principle. This is likely to better the ability of the reader in linking the theory to the practice and, to learn about various brands, companies and their strategies thereby helping her broaden her horizon of understanding of the subject.

The difference between great and good lies in simplifying the difficult, especially when it comes to writing a great textbook. And, it is more of a journey rather than the one-time endeavour. The book raises the expectations when it starts each chapter with an example, and almost each concept is attached to a matching empirical example from the business world, but such examples are missing in the last few chapters (Chapters 11, 12, and 13). In a few chapters, the reader might notice the lack of linkage between the title, learning objectives, beginning of the chapter, and the concept explained. For instance, Chapter 9, on Promotion is likely to confuse the reader to find coherence between the title of the chapter, and the abrupt start of the subject, and learning objective with communication model, instead of the discussion on promotion as a concept and its relevance. Similarly, chapters on Consumer Buying Behaviour and Pricing Decisions make it difficult for the readers to make coherence between the introduction and further discussion on the concept. The chapter on Consumer Buying Behaviour abruptly jumps to consumer buying perspective and chapter on Pricing Decisions starts with Market Structure, which might be confusing to the reader to comprehend. Instead, the authors could have begun with an introduction of the concept, its significance for marketing and the firm, and then move to further discussion. Likewise, Chapter 7, on Product Development and Life Cycle, starts with New Product Development and its process, instead of a discussion on Product Development and Life Cycle. The very first chapter though proceeds well, but the introduction and the examples given therein might confuse the reader taking marketing primarily as selling. Already, many people confuse marketing for selling; this might add a bit more.

It would have added to the ease of the reader if the chapters were to start with a brief discussion on the concept itself, including its definition, as has been done in the chapter on Channels of Distribution. However, it is missing in most of the chapters. On the same lines, a diagram or flow-chart would have eased it for the readers to fathom certain processes, models and concepts, like marketing management process, marketing environment, and new product development process.

A few additions in the book, like a chapter on marketing strategies and planning and marketing mix, would have enhanced the readers' understanding, especially when these terms are repeatedly used in the book, like sustainable marketing mix, green marketing mix, social marketing mix and the like, (Chapter 14). A discussion on new developments in marketing appears incomplete without e-retailing and online marketing. A full chapter on the same would have been a meaningful addition.

As discussed earlier, a good marketing textbook, firstly must be able to make readers understand 'marketing' as a concept consisting of certain activities, and, secondly, but more importantly, to further marketing as a business philosophy. On the first parameter, the book can surely stand on a higher pedestal, but on the second parameter, the book is yet to travel a long. On the whole, the book is a welcome addition to the existing set of good marketing textbook. There are not many well-written and compact textbooks on marketing in the Indian context. This book surely is the one to bridge the gap.

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Michael Armstrong and Stephen Taylor
Armstrong's Handbook of Human Resource Management Practice
Kogan Page Publishers
13th ed. (2014)
Pages: 880
Price: Not mentioned

Human resource management is a comprehensive approach to, and is concerned with, all aspects of how people are employed and managed in an organisation. It is regarded as a philosophy of how people should be managed, which is underpinned by a number of theories relating to the behaviour of people and organisations. The application of policies and practices in the fields of organisation design and development, employee resourcing, training and development, performance appraisal, reward, compensation and provision of services that enhance the well-being of employees.

The book under review is the revised version of a well-known reference book for students and practitioners of HRM. It seeks to help students in understanding the role and concept of human resource for achieving the objectives of employees as well as the organisation. It ensures a complete resource for understanding and implementing HR in the business organisation. It includes the in-depth coverage of the key areas essential to the HR function. It also provides an insight into the various elements of HRM. The present treatise is an authentic presentation of contemporary concepts and practices of human resource management. This edition enables the readers to have access to the subject combining with clear explanations, with support of illuminating case studies to assist the learning process.

This reference book is organised into eleven parts. Part 1 introduces the practices of HRM and covers the essence of human resource with strategic human resource management and 'human capital management' and its various dimensions. Part 2 covers the human behaviour, organisation design and development. Part 3 discusses the factors that affect employee behaviour. Parts 4, 5, and 6 deal with the motivation, employee development, leadership and various reward management practices which enhance the efficiency and efficacy of the employees.

Parts 7 and 8 cover strategic employee- relations with industrial relations and practices of employee well-being, covering health, safety, and welfare issues. Parts 9 and 10 of the book discuss the international framework of human resource, procedures, policies and the skills that help in building the human resource skills and practices.

In addition, the book has two sections of 'Toolkits', with easily-applicable skills and knowledge for the practioners in HRM. The book has been updated throughout to reflect the latest thinking in HRM. It includes new information on employment law (of the USA) and a detailed look at international concerns in human resource management. However, the provisions of the Indian law pertaining to employee-employer relations do not find place in this book. 'The ignorance of law is no excuse'; this is particularly true about the law of the land.

For the provisions of the Indian law pertaining to HRM and industrial relations, the reader would have to depend on a book written in the Indian context. This is the major limitation of book.
The book would help the students in highlighting the overall context of HRM through relevant examples. Comprehensive online support material is provided for the instructor, student and the practioner, providing a complete resource book for teaching and self-learning.

This handbook would very well cater to the needs of post-graduate students and teachers of commerce and business management.

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T V Rao
Effective People,
Random House, India,
2015
Pages 408, Rs 399

For their survival and growth, organisations face the challenge of managing people effectively. When Philip Kotler, the doyen of marketing, visited India and was asked to add one more 'P' to McCarthy's 4 P's of marketing, his response was quick and focussed, *'It has to be People'*. Dale Carnegie had said that for excelling business results. 85% is people management and the remaining 15% is management of all other resources. It is in this context that when I learnt about this title, *Effective People* written by the father of HRD in India, Professor TV Rao, there was no second thought but to find his take on the ways that help improve effectiveness of people.

The book is a brief but excellent account of some of the high achievers in India. It is based primarily on personal experience and interaction with the people the author had met on his commendable journey as an academic, motivator, researcher, institution-builder and an author. Apart from the people who have been associated with him, he has also picked some who have not directly affected him, but have influenced his thinking on the factors which make a person effective. The criterion for selecting effective persons included in the book is his personal definition of an effective person, which is:

'Any one who discovers inner talent, uses it to make a difference in the lives of other people in a way that benefits them can be considered an effective person. We are all born talented and in different settings. However, some master their circumstances and manage them through their

inner talent, These people may be teachers, social workers, doctors, nurses, lawyers, entrepreneurs, civil servants, development workers, businessmen, managers, chartered accountants, scientists, actors, or self-employed, etc.'

The selection of people has been his personal choice, based on the above-mentioned criterion and further through engagements on the social media apart from the literature that he went through, reading the works of authors who have written on successful and effective people. I would like to divide the book into three sections (though the author has not done that). The first section as the Background (Introduction – Chapter 1), the second, as Profiling Effective People (Chapters 2 to 8), and the third, as Takeaways or Lessons (Chapters 9 to 16). The book profiles effective people in seven categories, viz., doctors, film actors, civil servants, educational entrepreneurs, professors, social workers, and other professions.

Out of the doctors that he profiles and brings out their propositions for being effective, Dr MC Modi (Ophthalmologist), Dr Pratap Reddy (Cardiologist), Dr Devi Shetty (known for open-heart surgeries), and Dr Naresh Trehan (Cardiovascular & Cardiothoracic surgeon) stand out and their common purpose to save lives along with strong determination to leave behind a rich legacy make them effective. The lives of film actors, like AnupamKher, KanganaRanaut, Amitabh Bachchan, Aamir Khan, and Shah Rukh Khan, have been narrated giving their contribution and achievements. Though they play the role as assigned to them, as individuals, their work behaviour, commitment, style, and discipline make them effective. The roles they have played have left the audiences with some strong messages to carry and practical values to follow in order to remain effective. Managers can really learn lot from their life journeys, their characters, and their personalities. Learning from failures is a very strong message that one draws from the story of Amitabh Bachchan.

The personal involvement of the author with some civil servants for developing a better education system in India, provided insights into the lives of some prominent civil servants who displayed their commitment to the cause of educational well-being of the people. The names of Inderjit Khanna and Anil Bordia stand out as effective bureaucrats, who played their role in drafting key education policies and spearheaded such initiatives. Moreover, the profiles and journeys of N Vittal (a civil servant known for his concern for transparency), Vinod Rai (CAG who walked extra mile to unearth some infamous scams, like the 2G, CWG, and the Coalgate), D R Mehta (bureaucrat who had strong concern for social causes), E Sreedharan (bureaucrat-turned Metro Man), Kiran Bedi (first lady IPS and social activist), K P C H Gandhi (known for his contribution on forensic sciences and zero-pendency), Arvind Kejriwal, Jaiprakash Narayan are narrated with the lessons that a manager or any person who want to be effective can learn. All these people are said to be restless, hard-working, having development goal in mind, strongly driven by their value system, innovative, and creative.

The learning from effective people in the category of educational entrepreneurs is that all of them thought differently and had a strong desire to create an institution which caters to the educational needs of society. The knowledge of the task, will power to face the challenge, and the ability to engage with the stakeholders could make them effective as educational leaders. Effectiveness lessons drawn from the experiences of professors are placed succinctly as in-depth knowledge, commitment to the cause, innovativeness in thinking and delivery, strong sense of institution-building, and proper succession planning through creating and patronising the next-generation professors.

All the chapters profiling different professions ended with effectiveness lessons and an interesting exercise having Self-Assessment Tool, based on profession- specific effectiveness requirement which one could assess based on the five-point Likert scale. This makes the book rich, valuable, and practical. Personally, I really liked all the tools given as they provide strong variables for judging effectiveness of the profession *vis a vis* the individual.

The third section (Chapters 9 to 16) deals with eight important takeaways (or lessons) which could be used by a manager or any individual who aspires to achieve the target. This is where the author's contribution becomes highly important. These eight lessons are found to be common in all the effective people discussed in the book and as the author believes if one concentrates on these determinants, one could become effective in whatever he or she does. These eight key points are:

1. Effective People Think Differently' (Chapter 9): So one has to find out one's inner talent through experimentation and concentrate on capitalising on that through thinking differently.

2. Effective People Stretch Their Talent' (Chapter 10): Exploring new vistas and opportunities by stretching the limits in different situations.

3. Effective People Consider Values as Core Driver's (Chapter 11): Being firm in matters of principle and maintaining high value standards which are the result of bringing up (family and environment) without succumbing to pressures and establishing superordinate goals.

4. Effective People are Compassionate' (Chapter 12): Sense of togetherness and concern for others coming through empathy.

5. Effective People Live with Purpose' (Chapter 13): Strong commitment to the purpose as per their vision, mission and goal helping in achieving the goal.

6. Effective People Reach out to Many' (Chapter 14): Looking outward and connecting with the stakeholders through different modes by being perseverant and positive.

7. Effective People Take Initiative and Build Institutions (Chapter 15): Displaying strong sense of initiation and responsibility to build great institutions to contribute for good and sustenance.

8. Effective People are Integrative, not Divisives' (Chapter 16): Inclusiveness and not exclusiveness to be practiced at all levels, by imbibing the virtue of integrating personality leading to organisation-building *vis a vis* nation-building.

These are necessary virtues for becoming effective people. All these chapters also have a series of questions at the end guiding the reader for search and resolution within order to be effective. The examples given by the author are exemplary and are quite practical and many of them come from management institutes, Bollywood movies, cricket world, bureaucracy, and the government system. Almost all the individuals profiled in this volume have created great institutions. I was expecting a detailed profile of TN Sheshan who redefined the role of Chief Election Commissioner in India and ever since the whole process of elections in India has undergone transformation. The book is autobiographical at many places which makes it very selective yet interesting part of the book is its first person narrative as a style of writing.

All the lessons are fully applicable for any manager working in an organisation, be it profit-making or otherwise. And to that end, this project of the author is successful in guiding all its readers. The author states that his *aim is to write a book that can help many more people to become effective* (p.13). I am sure it really makes a lot of sense and would certainly be a practical guide for all its readers.

People are an important resource for any organisation. This book makes an effective effort to teach the nuances of leading and being effective. This excellent book deserves a place in the shelf of all those who aspire to achieve greater heights in their professional career or entrepreneurial venture.

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