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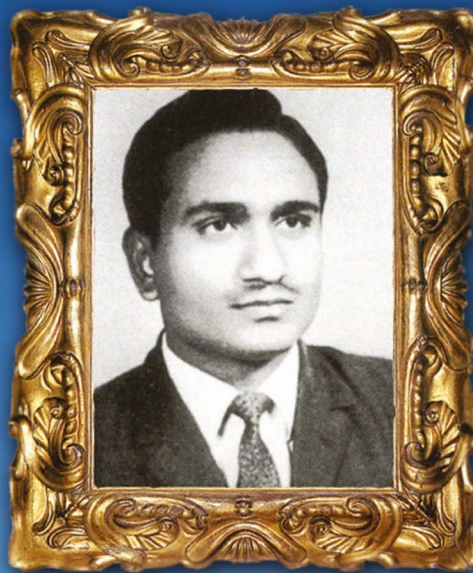
◀ Research

◀ Book Review

A TRUE VISIONARY

*“You see things and you say **Why?** But I dream of things that never were and say **Why not?**”*

- George Bernard Shaw



Shri Jagannath Gupta
(1950 - 1980)

*Also a true visionary...who dared to dream!
He lives no more but his dreams live on....and on!*

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JIMS (Vasant Kunj)	-	2003
JIMS (Jaipur)	-	2003
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Jagannath University (Jaipur)	-	2008
Jagannath University (Bahadurgarh)	-	2013

And more dreams to come!



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Editor's Desk

Section 7 of RBI Act is one of the latest topics of controversy in India. What is Section 7? Why is it so important? According to Indian Law, it is the power given to central government to issue directives in dire circumstances in public interest but this is possible only with the consultation of governor of RBI. Government felt that the Indian economy required a boost in the credit growth and wanted to make some changes to incorporate it. Government was of the opinion that such changes could be made only by easing lending restraints or restrictions and transferring surplus reserves to government. As reported by Business Line dated 12th November 2018, the central bank is expected to have a surplus of Rs. 9.59 lakh crore reserves and government wanted them to transfer at least one third of the fund. The deputy governor Viral Acharya responded to the government by opposing the move. According to him, RBI was the regulator in India and government could not push for such reforms if the RBI does not agree with this move. There upon government decided that they would push section 7. Government had a wide rift with RBI and the governor and deputy governor on this issue. Patel the governor appointed in 2016 took it very seriously and also offered to resign regarding this issue.

There are many regulatory bodies in India such as Security and Exchange Board of India (SEBI) 1992, Insurance Regulatory Development Authority of India (IRDA) 1999, Pension Fund Regulatory and Development Authority 2013. Section 7 has never been invoked in India in the past in any of these regulatory bodies. The regulators feel that if government invokes this section it would be invading the privacy of the autonomous bodies and none of the regulators would have any powers as government could always change whatever the regulatory authority decides. This would amount to government interference in policies.

The RBI board has 18 members, five are from the central bank, two are government officials, four are from the regional RBI board and there are seven independent directors which have been appointed by the government. According to the central government, they only wanted to know the policy of holding reserves of the central bank. According to them 12 to 18.7 per cent of the assets should be enough whereas the banks had 27-28 per cent. Government nominated and appointed three member's S Gurumurthy, Subhash Chandra Garg and Rajiv Kumar on the board to discuss the key issues of the liquidity and reserves. The RBI Board decided to set up committees to review the loans and to improve liquidity by permitting banks to recast loans to small and medium enterprises and to transfer surplus funds to the government in a move to bring back buoyancy in the country.

(Preeti Singh)

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The journal provides an intellectual platform for advancement and dissemination of management knowledge and also fosters collaborative research. It has an inclusive ethos and is open to a wide range of methodological approaches and philosophical underpinnings.

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THE CONSTRUCTION OF OPTIMAL PORTFOLIO USING SHARPE'S SINGLE INDEX MODEL – AN EMPIRICAL STUDY ON NIFTY METAL INDEX

J. Murthy*

While making investment decisions particularly in equity market, risk and return plays an important role perhaps the most relevant question is which stocks should be placed in the portfolio matters a lot. A good combination of equity stocks in the portfolio will give better return for a given level of risk. The main focus of this research is to construct an optimal portfolio in Indian stock market with the help of the Sharpe single index model. In this study, totally 14 metal stocks have been selected from iron and steel industry and these stocks are constituent of the NSE Nifty metal index. The monthly data for all the stocks for the period of January 2012 to December 2016 have been considered. The study reveals that only tow company stocks constitute the optimum portfolio and these are Vedanta and Tata steel with a ideal proportion of investment of 86.37% and 13.62% respectively.

Keywords: Beta, Market variance, unsystematic risk, Single index model, optimal portfolio, Risk and return trade off, Diversification, Nifty.

The security analysis and portfolio management has emerged as the most important aspect for rational investment and decision making. Portfolio is a combination of securities such as stocks, bonds and money market instruments. The process of blending together the broad assets classes so as to obtain optimum return with minimum risk is called portfolio construction. A portfolio tries to trade off the risk return preferences of an investor by not putting all eggs in single basket and thus allows for sufficient diversification. Markowitz was the first who laid foundation of “Modern portfolio theory” to quantify risk. He provided analytical tools for analysis and selection of optimal portfolio. This portfolio approach won him Nobel Prize in 1990.

The work done by Markowitz was extended by William Sharpe. He simplified the amount and type of input data required to perform portfolio analysis. He made the numerous and complex computations easy which were essential to attain optimal portfolio. This simplification is achieved through single index model. This model proposed by Sharpe is the simplest and the most widely used one.

The study focuses on finding out an optimal portfolio using Sharpe's single index model. This article is framed around constructing an optimal portfolio by balancing the positive and negative correlation existing between the securities and in turn getting returns closer to the anticipated results. For this study, the stocks from the iron and steel industry have been selected as this sector is of prime importance for real growth of an economy.

Objectives of the study

The primary objective is to construct an optimal stock portfolio among the selected metal stocks. The specific objectives are:

- To present a review of past works relating to optimum portfolio construction and analysis.
- To build an optimum stock portfolio among selected stocks using Sharpe's Single Index model.
- To calculate the proportion of investment to be made into each of the stock that is included in the optimal stock portfolio that is constructed using Sharpe index model.

I. Review of Literature

Dr. Sathya Swaroop Debasish, Jakki Samir Khan (2012), in their research found that only three company stocks constitute the optimum portfolio and these are Asian Paints, Tata motors and Hero Motor Corp. with ideal proportion of investment of 1.9 %, 38.88 and 58.22% respectively.

Saravanan and Natarajan (2012) attempted to construct an optimal portfolio by using Sharpe's Single Index Model. For this purpose, NSE Nifty Index has been considered. The daily data for all the stocks and index for the period of April 2006 to December 2011 have been considered. They formulated the cut-off point and selected stocks having excess of their expected return over risk free rate

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of return surpassing this cut-off point. Percentage of investment in each of selected stocks is then decided on the basis of respective weights assigned to each stock depending on respective beta value, stock movement variance unsystematic risk, return on stock and risk free return vis-à-vis the cut off rate of return. From the empirical analysis, it was concluded that returns on either individual securities or on portfolio comprises of securities of different companies listed in Nifty 50 stocks under various sectors are asymmetrical and heterogeneous. The optimal portfolio consists of four stocks selected out of 50 short listed scrips, giving the return of 0.116. Further it helps to elicit that return on securities of different portfolio is independent of the systematic risk prevailing in the market.

In the Indian scenario, Varadharajan (2011) constructed an optimal equity portfolio with the help of Sharpe Index model. The study was conducted with the financial data from April 2006 to March 2011. The sample size was limited to 19. He took these companies from Banking and Information Technology. The portfolio was constructed with the top 5 stocks that meet the criteria to be included in the portfolio according to Sharpe Index Model. The portfolio predominantly consisted of stocks from the banking sector, and one stock from IT sector.

Sandip Mukherji (2010), identified the optimal portfolios for three different objectives relating to risk and return for three different holding periods of 1, 5 and 10 years. Their study only considers portfolios consisting treasury bills and stocks only. Bootstrap method was used to generate returns for holding periods and to analysis of their composition was done. Risk- Return analysis of the portfolios examined shows higher returns in case of riskier returns. Results of this study shows that optimal portfolios contain increasing allocations of risky assets and decreasing allocations of safe assets as the holding period increases.

AJ Du Plessis, M Ward (2009), explained the possibility of identifying the right kind of attributes in a portfolio ensuring good returns in the future. It stresses on the importance of applying the Markowitz model of portfolio selection with respect to the Johannesburg Securities Exchange to analyse if an optimal portfolio can be identified and be used as an effective guideline method for trading purposes. It concludes on how an optimal portfolio is selected and rebalanced periodically and comparing the returns with the JSE index rate thereby, showing how a particular trading strategy can outperform in the market. Frank J Fabozzi, Harry M Markowitz, Francis Gupta (2008) stated that the main objective of

portfolio selection is the grouping and construction of the portfolios to maximize returns expected on them with a certain level of risk. Investors generally use modelling techniques on the historical data and based on their future expected returns, the optimal portfolio selection is done and this allows computing the investment risk and expected return on a portfolio. Also, the theory of portfolio selection shifts from individual risk to the entire risk of the portfolio and shows the possibility of combining risky assets to produce an optimum portfolio.

Rainer Baule (2008) analysed optimal portfolio selection for small investors considering transaction costs and risk costs. Portfolio theory cannot be directly applied to small investors due to limitations in form of transaction and risk costs. An empirical study done ascertains that for smaller volume of investment, transaction costs dominate risk costs so that optimal portfolio contains only very small number of assets. Based upon these findings, a comparative study between direct investments in stock or in index certificates and ETF's is done. The findings of this study show that direct investment is most advantageous than alternative investment products if sum of transaction costs and risk costs is smaller than annual costs.

II. Research Design and Methods

This is a descriptive study on the optimal portfolio construction of stocks. The data taken for the research is secondary in nature. The data has been collected from the official website of National Stock Exchange (NSE), namely www.nseindia.com. The study is conducted with the financial data for the past 4 years from January 2012 to December 2016. The sample size of the study is limited to 14 metal stocks and monthly opening, closing stock prices have been taken and these selected stocks are also constituents of Nifty metal index. The sampling technique adopted is purposive sampling. Here 0.565 percent is considered as risk free rate for one month based on the portfolio on 364 days Government of India treasury bills.

Return

The monthly return on each of the selected stocks is calculated with the following formula.

$$\text{Stock Return} = \frac{P_1 - P_0}{P_0}$$

Where P₀= Initial stock price

P₁= Ending stock price (period 1)

Risk; According to Sharpe's single index model risk is divided into two that is systematic risk and unsystematic risk. Systematic risk is $\beta^2 \sigma_m^2$ and unsystematic risk is σ_{ei}^2 .

Steps in Construction of Optimal Portfolio Using Single Index Model

This model firstly ranks the securities based on their excess return to beta ratio. After that all securities are arranged according to their ranks. Then cutoff rate is calculated and it is compared with excess return to beta for deciding whether to select the security for investment or not. The model explains the weight that should be allocated to each security to obtain optimal portfolio.

Step 1: Calculate excess return to beta ratio for each security under consideration

$$\text{Excess return to beta ratio} = (R_i - R_f) / \beta_i$$

Where

R_i = Expected return of Security i

R_f = Risk free rate of return Present MIBOR rate is taken as risk free rate R_f

β_i = the Beta co-efficient of the security or excess return of the security over market index

Step 2: Rank the securities based on the excess return to beta ratio.

Step 3: Calculate the cut of rate using the formulae. Highest cut off rate will be regarded as C^*

$$C_i = \frac{\sigma_m^2 \sum_{i=1}^N (R_i - R_f) \beta_i}{1 + \sigma_m^2 \sum_{i=1}^N \frac{\beta_i^2}{\sigma_{ei}^2}}$$

Where

σ_m^2 = Market variance

$R_i - R_f$ = Market risk premium

σ_{ei}^2 = Unsystematic risk of the security

β_i = systematic risk of the security

Step 4: Selection of securities for investment. If $(R_i - R_f) / \beta_i$ is greater than cut off rate, then the security will be included in the portfolio.

Step 5: Calculate the proportion to be invested in each security is calculated.

$$X_i = \frac{Z_i}{\sum_{i=1}^N Z_i}$$

Where

$$Z_i = \frac{\beta_i}{\sigma_{ei}^2} \left(\frac{R_i - R_f}{\beta_i} - C^* \right)$$

C^* is the cut off rate

According to the Sharpe model the excess return of any stock is directly related to its excess return to beta ratio. It measures the additional return on a security (excess of the risk less asset return) per unit of systematic risk. The ratio provides a relationship between potential risk and reward. For the calculation of this ratio, the risk-free return (R_f) is taken as the rate of return on the 364- days is 6.78 and the monthly average of Treasury bill which is found to be 0.565 % for the period under study.

The study has been done in two stages:

Stage 1: calculation of the Cutoff point

The model helps us in finding the cutoff point (Cut off rate of return) and selecting stocks having excess return to beta ratio and surpassing this cut-off point.

Stage 2: Construction of optimal portfolio

In the second stage Percentage of investment in each of selected stocks is then decided on the basis of respective weights assigned to each stock depending on respective beta value, stock movement variance unsystematic risk, return on stock and risk free return vis-a-vis the cut off rate of return.

III. Analysis, Discussion & Findings

This part of the study deals with data analysis and interpretation done for 14 companies (listed in the Nifty metal index). From this table, it may be observed that each company is assigned a rank on the basis of its excess return to beta ratio.

Interpretation

The selection of the stocks depends on a unique cut-off rate such that all stocks with higher ratios of excess return to beta are included and stocks with lower ratio are left out. The cumulated values of C_i start declining after a particular C_i and that point is taken as the cut-off point and that stock ratio is the Cut-off Ratio C . The highest value of C_i is taken as the cut-off point that is C^* . From table it is seen that Tata Steel has the highest the cut-off rate of $C^* = 4.13$ All the stocks having C_i greater than C^* can be included in the portfolio.

Calculation of Optimal Portfolio:

The proportion to be invested in each security (weight) is calculated using the following equation.

$$X_i = \frac{z_i}{\sum_{i=1}^N z_i}$$

Where

$$z_i = \frac{\beta_i}{\sigma_{e_i}^2} \left(\frac{R_i - R_f}{\beta_i} - C^* \right)$$

C* is the cut off rate

Interpretation

After determining the securities to be included in the optimal portfolio, we have to determine the proportion of investment in each of these stocks. Only those stocks with Excess return to beta ratio more than C* are to be selected in the optimal portfolio. It can be observed from above table that only two stocks qualify to be included in the optimal portfolio on this criterion. By using Sharpe index model, the maximum investment should be made in Vedanta with a proportion of 86.37%, and in Tata Steel with investment proportion of 13.62%. Evidently, the companies chosen for the investments are growing at a steady rate in the recent years.

Findings

Risk and return play an important role in making any investment decisions. This study aims at analyzing the opportunities that are available for investors as per as returns are concerned and the investment of risk thereof.

- Out of 14 companies taken for the study, 7 companies are showing negative return and the other 07 companies are showing positive returns.
- With regard to beta values, out of 14 companies selected, Tata steel, we spun corp and Vedanta stocks found to be aggressive (showed beta above 1, indicating that the investments in this stock is outperforming than the broader market.
- The 14 stocks that are included in NSE Nifty metal index, only two stocks namely Vedanta and Tata steel are included in the Optimal Portfolio constructed in this study with maximum suggested investment of 86 percent in Vedanta and 14 percent in Tata steel.

Suggestions:

- The proportion of investment in each of the stock may change time to time hence the constructed optimal portfolio is subject to change.

- The beta and variance of the stocks may change frequently. So, Investors are suggested to observe the market continuously.
- The stocks in the portfolio must be evaluated continuously and make revisions periodically.

IV. Conclusion

The study is conducted to test utility of Sharpe's single index model in optimal portfolio construction. From the study, it is concluded that, the 14 stocks that are included in NSE Nifty metal index, only two stocks namely Vedanta and Tata steel are included in the Optimal Portfolio constructed in this study with maximum suggested investment of 86 percent in Vedanta and 14 percent in Tata steel.

Limitations of the study

- The study is confined to the stocks included in the Nifty Metal index.
- The result of the study may not hold good for the longer period as the stock market is so volatile in nature.

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Table 1. Calculated values of Return, Beta & Excess return to Beta ratio for the selected stocks

Company Name	Ri	Rf	Beta (β)	Ri-Rf/ β	Rank
Tata steel	6.76	0.57	1.33	4.64	2
Hindalco	3.24	0.57	1.43	1.87	3
Vedanta	5.86	0.57	0.39	13.69	1
Bhushan steel	-2.22	0.57	0.32	-8.75	12
JSW steel	-0.04	0.57	0.03	-20.24	14
Coal India	0.12	0.57	0.97	-0.46	7
Jindal steel	-2.34	0.57	0.34	-8.56	11
Hind zinc	1.40	0.57	0.71	1.18	5
SAIL	-0.45	0.57	0.09	-11.73	13
NMDC	-0.45	0.57	0.66	-1.54	8
NALCO	-0.56	0.57	0.26	-4.27	10
Welspun corp	0.80	0.57	1.56	0.15	6
APL Apollo	3.06	0.57	1.36	1.84	4
Orissa minerals	-0.44	0.57	0.62	-1.63	9

Source: computed from the stock price available at [http:// www.nseindia.com](http://www.nseindia.com)

It can be seen from the table that Vedanta yielded the maximum excess return to beta ratio (13.68) and ranked 1 among the companies selected followed by Tata steel with (4.641) and JSW yielded lowest excess return to beta of - 20.24.

Table 2: Showing cut off point of sample companies.

Company	Ri-Rf/ β_i	$\frac{(R_i-R_f)}{\beta_i \sigma_i^2}$	$\sum \frac{(R_i-R_f)}{\beta_i \sigma_i^2}$	β_i^2 / σ_i^2	$\sum \beta_i^2 / \sigma_i^2$	ci
Vedanta	13.69	0.22	0.22	0.02	0.02	3.00
Tata steel	4.64	0.77	1.00	0.17	0.18	4.13
Hindal co	1.87	0.38	1.37	0.20	0.38	3.10
APL Apollo	1.84	0.35	1.72	0.19	0.57	2.72
Hind zinc	1.18	0.08	1.80	0.07	0.64	2.57
Welspun corp	0.15	0.02	1.82	0.14	0.78	2.17
Coal India	-0.46	-0.07	1.75	0.14	0.92	1.79
NMDC	-1.54	-0.08	1.67	0.05	0.97	1.62
Orissa minerals	-1.63	-0.05	1.62	0.03	1.00	1.53
NALCO	-4.27	-0.03	1.60	0.01	1.01	1.49
Jindal steel	-8.56	-0.09	1.51	0.01	1.02	1.40
Bhushan	-8.75	-0.07	1.43	0.01	1.03	1.32
SAIL	-11.73	-0.01	1.43	0.00	1.03	1.31
JSW steel	-20.24	0.00	1.42	0.00	1.03	1.31

Source: computed from the stock price available at [http:// www.nseindia.com](http://www.nseindia.com)

Table 3: The calculation of optimal portfolio is shown in the table below.

Company	β_i	σ_i^2	Ri-Rf/ β_i	C*	Zi	$\sum Zi$	Xi
Vedanta	0.3868	9.2124	13.68718	4.134455	0.401089	0.401089	0.863753
Tata steel	1.334002	10.6869	4.641297	4.134455	0.063267	0.464356	0.136247

Source: computed from the stock price available at [http:// www.nseindia.com](http://www.nseindia.com)

CORPORATE SOCIAL RESPONSIBILITY (CSR) AS A DRIVER FOR SUSTAINABLE POSITIVE EMPLOYMENT RELATIONSHIPS - A COMPARATIVE ANALYSIS

Sarvesh Amrutha*

Job quality should be a key objective of any employer. Happy employees create happy customers which produce business results. Employees want fair, respectful, healthy and democratic workplaces that value their participation. Every individual at the workplace shares a certain relationship with his fellow workers. Human beings are not machines who can start working just at the push of a mere button. They need people to talk to, discuss ideas with each other and share their happiness and sorrows. An individual cannot work on his own, he needs people around. If the organization is all empty, the employee will not feel like sitting there and working. An isolated environment demotivates an individual and spreads negativity around. It is essential that people are comfortable with each other and work together as a single unit towards a common goal. The key determinants of job quality include: the pace of work and work stress; opportunities for input; job security; work-life balance; workplace relationships; individual development and physical working conditions.

Keywords: Bottom of pyramid, sustainability, CSR, Corporate Social Responsibility, Business Strategy, Community, CSR Strategy, Employee engagement, Employee volunteerism, Social identity, Social exchange.

It is utmost important to linking employment relationship with excellence of its business and productivity. Also it is widely accepted that businesses exist to make money for investors. But should firms voluntarily perform additional functions that benefit other members of society? Scholarship on corporate social responsibility (CSR) is a broad area of inquiry that attempts to answer this fundamental question. It generally addresses the proper relation between business and society and the extent to which firms have responsibilities beyond the pursuit of their economic self-interest and compliance with the law (Carroll, 1979; Jones, 1980; McWilliams & Siegel, 2001; see also Davis, 1973; Stone, 1975). The field has yet to come to consensus on a more precise definition of CSR, which has led to a somewhat confusing array of conceptualizations and operationalizations that partially diverge from each other and overlap at times with a number of other closely related constructs (Aguilera et al., 2007; Aguinis & Glavas, 2012; Carroll, 1999; Waddock, 2004). We believe, however, that Aguinis (2011) concisely captured several key elements of CSR when he defined it as “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance”.

Objectives of the paper

The present paper is emphasizing on the below areas;

- 1) Bringing into light as how CSR as a driver in building sustainable employment relationship in the companies

- 2) To focus different ways and principles of employee engagement and some of the notable case studies in India with reference to employment relationship.

I. Review of Literature

As per Corporate Social Responsibility Practices in India, Times Foundation; There are many obstacles while adopting successful CSR strategies focusing on sustainable employee relationship where some include the difficulty in developing trustworthy among employees, difficulty in integrating employee demands with company agendas, valuing integrity of trade unions presence in relationship building for sustainable business growth.

Other obstacles reported is the lack of time and financial resources to pursue employee engaged CSR practices. When an organization finds it hard to make a business case for CSR or link it to core organizational operations, it will be reluctant to commit and allocate resources or time to such practices.

Moreover, these obstacles also point to another set of findings in the report: employees view on CSR and also lack of confidence on its long term impacts, key stakeholders concern on investment of employee engagement initiatives, and to a lesser extent as a strategic source of competitive advantage.

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II. Research Design & Methods

Looking into requirements of the objectives of the study the research design employed as descriptive type. Keeping in view of the set objectives, this research design was adopted to have greater accuracy and in comparative analysis of the research study. Available secondary data was extensively used for the study. The investigator procures the required data through secondary survey method. Different news articles, Books and Web were used which were enumerated and recorded.

Corporate Social Responsibility (CSR) as a driver of building sustainable employment relationship

The well accepted definition of CSR is not a common term; MNC's prefers sustainable development or sustainable business while several Indian companies talk about responsible business or Triple P (People, Planet, and Profit).

Nearly all leading corporate in India are involved in corporate social responsibility (CSR) programs in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group, Indian Oil Corporation among others. The 2010 list of Forbes Asia's '48 Heroes of Philanthropy' contains four Indians. The 2009 list also featured four Indians. India has been named among the top ten Asian countries paying increasing importance towards corporate social responsibility (CSR) disclosure norms. India was ranked fourth in the list, according to social enterprise CSR Asia's Asian Sustainability Ranking (ASR), released in October 2009.

Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them. These programs, in many cases, are based on a clearly defined social philosophy or are closely aligned with the companies' business expertise. "People buy from people they trust." This was a renown quote. Companies used it to reinforce the human element of a customer-supplier transaction. No trust, no sale. There's a similar dynamic in the relationship between employees and their companies

Social identity and Social Exchange theories

Social identity theory suggests that individuals tend to reinforce their self-esteem and bolster their self-image by

identifying with groups and organizations recognized for their social engagement and responsibility. Empirical research has highlighted how identification explains CSR's influence on consumers and employees (Bhattacharya & Sen, 2004; Maignan & Ferrell, 2001; Maignan, Ferrell & Hult, 1999; Peterson, 2004; Sen & Bhattacharya, 2001).

Recent theory also suggests stakeholder management is closely aligned with organizational identity (Brickson, 2005; Scott & Lane, 2000). Research has shown that individual's identification with an organization may be aligned with specific forms of social exchange (Flynn, 2005; Lawler, 2001; Molm & Cook, 1995; Molm, Peterson, & Takahashi, 1999). This suggests that individual levels of organizational identification may influence social exchange, and subsequent processes, triggered by CSR, may affect social exchange dynamics within organizations. Therefore, the model combines theories of social exchange and social identity to explain how employees may develop a sense of obligation and engage in productive or counterproductive work behaviors, rewarding or punishing CSR practices, especially those directed at employees and work conditions.

Employees as a unit of analysis have received limited attention in past CSR literature (Aguilera et al., 2007: 839; Rupp et al., 2006; Swanson & Niehoff, 2001). Past CSR and HRM research has mainly focused on relationships between leadership and corporate social behavior (Swanson, 2008; Waldman, Siegel & Javidan, 2006), or defined socially responsible leadership (Waldman & Siegel, 2008). Although some theoretical models of Corporate Social Performance explicitly included employees as a level of analysis (e.g., Wood, 1991), few studies have investigated CSR's influence on employees' attitudes and behavior. Numerous studies have focused externally, looking at the influence of CSR on prospective employees (see in Table 1 the studies presenting an _external' focus).

These works, which tend to be based on signaling theory (Spence, 1973) and social identity theory (Ashforth & Mael, 1989), suggest that a corporation 's socially responsible practices send a positive signal to potential workers. The workers, in turn, are likely to get identified with a responsible organization, especially if their values correspond with promoted practices (Strand, Levine & Montgomery, 1981). These studies show how a socially responsible reputation influences corporate attractiveness for prospective employees such as undergraduates, or

MBA students (Albinger & Freeman, 2000; Blackhaus, Stone & Heiner, 2002; Greening & Turban,

III. Analysis, Discussion & Findings

CSR and employee needs

There are four basic psychological needs that represent the origins of four distinct paths through which CSR can affect employees' relationship with their company.

Specifically, we explain how CSR can provide employees with (1) a sense of security and safety that their material needs will be met, (2) self-esteem that stems from a positive social identity, (3) feelings of belongingness and social validation of important values, and (4) existential meaning and a deeper sense of purpose at work. We draw from and extend prior work that has explored associations between CSR and justice (Aguilera et al., 2007; Rupp, 2011; Rupp, Ganapathi, Aguilera, & Williams, 2006) and incorporate additional insights from recent research on social identity (e.g., Ellemers et al., 2011) and pro-social motivation (e.g., Grant, 2007). We frame our discussion in terms of morality rather than justice because morality provides a broad base of concerns that includes justice but also other moral concerns, such as harm, care, and purity (e.g., Gilligan, 1982; Graham et al., 2011; Haidt & Joseph, 2004; Kohlberg, 1984; Shweder et al., 1997; Turiel, 1983).

Justice is one lens through which employees interpret CSR, but other moral concerns may be the primary driver of employees' interest in certain aspects of CSR. For example, the ethic of care may best account for employee perceptions of philanthropic efforts that benefit the poor and the needy (e.g., pharmaceutical companies' efforts to address diseases like AIDS and river blindness in Africa), and the ethic of purity may underlie employee concerns about the environmental impact of their company's activities. In short, we believe that CSR increases perceived corporate morality, which in turn can help to satisfy employees' needs for security, self-esteem, belongingness, and a meaningful existence.

According to a study conducted by Hewitt Associates in 2009, the software giant HCL Technologies was ranked as the best Indian employer in that year. The reasons being, creation of a positive work culture and its long term approach in the midst of challenging conditions. The other companies who made to the list of top employers were Hindustan Zinc, Taj Hotels, Resorts and Palaces, Cisco Systems, ITC Welcome Group, Eureka Forbes, LG Electronics India, Domino's Pizza India and Marriott Hotels India.

Infosys in year 2011 plans to have its own radio in establishing a healthy and quick interaction and communication amongst employees. The company also plans to host talk shows where top management would interact with the employees. Besides this, the company also has a social networking portal like Facebook. Named as Bubble, it helps employees connect to their colleagues, seniors, subordinates and top management. Infosys had also created Infosys Television.

Indian giants like Mahindra & Mahindra, Mercer, KPMG and Wipro offer democracy to choose their wages and perks depending upon their lifestyles. It is done to decrease as well as prevent dissatisfaction amongst employees. It has worked out very well and companies are successful in drawing and retaining the best talent. The trend began in these IT giants can now be seen in FMCG, banking and other industries.

Deloitte case study

Deloitte Center for Leadership & Community (DCLC), Building Nonprofit Excellence through Skilled Volunteerism. DCLC is designed to leverage the talent of Deloitte personnel to deliver free workshops. The training sessions are led by Deloitte personnel with subject-matter experience. They are intended to convene large groups of executives and create a peer learning environment that promotes collaboration and communication.

IV. Conclusion

“Doing well by doing good” is an aphorism sometimes attributed to Benjamin Franklin. Although the etymology of this specific phrase is uncertain, interest in some form of this general notion has a long and varied history (Avi Yonah, 2005; Carroll, 1999). In recent years, buzz about corporate social responsibility has brought this idea back into the public spotlight; it has been an increasingly frequent topic of conversation in the mass media, the boardroom and the scholarly literature. Understanding the effects of CSR on employees represents one relatively unexplored approach to answering questions about whether and how CSR affects businesses.

The paucity of CSR research on employees is surprising given that CSR often is discussed as a means for firms to maintain positive relations with their stakeholders, and employees certainly are key stakeholders (e.g., Donaldson & Preston, 1995; Freeman, 1984; Wood & Jones, 1995).

What a corporation is doing for society is both a matter of external communication and a way to influence employees' perceptions of their organization. This paper

shows that CSR can influence positive relationship among employees and between stakeholders in a sustainable model. It integrates the two mechanisms (social identity and social exchange) in a new framework explaining how CSR perceptions stimulate the adoption of workplace attitudes and behaviors that may ultimately foster corporate performance. This model provides a roadmap for studying how corporations, in doing well by doing good, can push their employees to engage in both efficient and socially responsible behaviors.

Lack of effectiveness in CSR promotion of the company resulted badly on relationships between employee and employer and also adversely effect on business growth in the market. A recent study found that 93 percent of CEOs believe issues of sustainability will be critical to the success of their business. A 2007 study of 759 MBA students from 11 top -ranked business schools found that candidates were willing to sacrifice as much as \$8,000 in pay in order to work for an ethical company.

Therefore, CSR going to be vital in enhancing healthy relationship between employees and employer and proving as yard stick in a sustainable business pursuit.

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IMPACT OF INFORMATION TECHNOLOGY ON EFFECTIVENESS OF TOURISM BUSINESS IN INDIA

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The tourism industry is one of the fastest growing industries in our country. This report investigates the Impact of information technology in tourism sector and examines that how information technology affects tourism sector. Information technologies are a device set of technological tools and resources used to communicate people about to disseminate awareness, create interest and to stimulate enroll intentions of tourism. It has enabled countries to leapfrog traditional modes of service delivery and make manifold improvements in process effectiveness and efficiency. Widespread adoption and application of information communication technology across the different fields of society and the economy is presently considered to be the key factor behind boosting competitiveness and developing an informed society. In general, information communication technology and its tools that people use to share, distribute, information gathering and to communicate with tourism services providers, through the use of media such as print, visual and interconnected computer networks.

Keywords: Tourism, Information Technology, Visual Media.

The tourism industry is one of the fastest growing industries in our country. The developments in Information Technology (IT) are working wonders in all fields of activity. It has become possible to send and receive information almost instantaneously. If circulars do not reach the agents on time or doubts are not cleared quickly, the agent may have faced awkward situations with the prospects. These problems can be totally avoided with the use of IT. Tourism enterprises traditionally, have been quick to adapt latest advances in technology. This is happening in the areas of IT as well. The extent of IT application will vary from company to company. Also India, over the past decade, has become a test bed for innovations in information technologies serving its population. Various reasons explain this emergence. The most obvious is the search for a solution to what has long been an intractable problem, that a large population of India has remained poor while the rest of the others have moved ahead. There exists a hope that IT can surmount at least some of challenges and create a viable technology for the provision of health, education and other services.

I. Review of Literature

Information and Communication Technology

The tourism industry in India has gone through a revolutionary change after this sector was thrown open to the private sector as well which brought professional expertise and management skills to procure tourism business. Again, since liberalization and globalization many foreign tourism companies have started operations in India after entering into joint ventures with Indian companies. Tourism enterprises are beginning to feel the

heat of the competition already and every company has had to sit up and think hard on strategies to take the competition head on. Information Technology (IT) is the automation of processes, controls, and information production using computers, telecommunications, software and ancillary equipment etc. It is a term that generally covers the harnessing of electronic technology for the information needs of business at all levels. Communication Technology deals with the Physical devices and software that link various computer hardware components and transfer data from one physical location to another (Laudon and Laudon; 2001). Among all the hoopla, one factor that has brought sweeping changes in the industry in the manner it will work henceforth is information technology. It is perhaps the most significant development in the tourism sector today. Companies are redefining the way business was conducted so far. Traditional methods will have to be done away with and absorption of newer technologies will pave the way for improved efficiency and reduced costs. More transparency in operations and flexibility to change according to innovations i technology are the key factors for success in this industry.

II. Research Design & Methods

The study is descriptive in nature and a non-parametric convenience sampling technique has been adopted. The

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study was conducted in Jammu & Kashmir State. 288 respondents were selected and well structured, pre-tested questionnaire was used to collect information from the respondents. Information was collected on demographic characteristics such as age, education, occupation, personal accessibility to computer and internet facilities, etc.

The questionnaire contained five main parts; each one was dedicated to a separate dimension. Part A included three statements examining awareness of tourism sectors through uses of mode of information communication technology. Part B included three statements assessing their interest towards tourism information getting from various sources of information communication technology. In addition, the questionnaire included some questions on demographic characteristics of the respondents (age, education, and occupation). The attitude statements in the five main parts of the questionnaire were measured by five point Likert scale of agreement, running from strongly agree to strongly disagree (1= disagree, 2 is the midpoint of the scale, and 3= agree). The highest score was more favorable attitude and so on. The constructed questionnaire was filled by the respondents those who tourists. Their comments were considered in the final version. At the analytical stage, several statistical techniques were employed to satisfy study objectives, including frequency analysis, descriptive analysis, and t test.

Hypothesis

1. There is no difference of opinion among of the respondents towards creating awareness on tourism through web media based on their educational level
2. There is no difference of opinion among of the respondents towards creating awareness on tourism through web media based on their occupation.
3. There is no difference of opinion among the respondents towards getting interests to the tourism services through advertisement in website based on their educational level
4. There is no difference of opinion among the respondents towards getting interests to the tourism services through advertisement in website based on their occupation.
5. There is no difference of opinion among of the respondents has getting Intention to Purchase s to the tourism services through web advertisement based on their education
6. There is no difference of opinion among of the respondents has getting Intention to Purchase s to the tourism services through web advertisement based on occupation

III. Analysis, Discussion & Findings

The web media, a new, innovative and growth full one. This is highly adoptable one for tourism and its advertising. It gives detailed information whatever and whenever the people need. Table 1, 2 and 3 explain the effectiveness of information communication technology based on the demographic characters.

Hypothesis 1 stated that “there is no difference of opinion among of the respondents towards awareness on tourism through web media based on their educational level”. The F value significant at 1% level and we reject hypothesis 1. It revealed that the post-graduate respondents had more awareness from tourism advertisement through visual media (mean value 6.0). According to their occupation those who were doing business had more awareness (mean value 5.95). The F value was significant at 5% and 1% levels and we reject hypothesis 2 stated that “there is no difference of opinion among the respondents towards creating awareness on tourism through web wise advertisement based on their occupation”. Table -1

Hypothesis 3 stated that “there is no difference of opinion among the respondents towards getting interests to the tourism services through advertisement in website based on their educational level”. The F value significant at 5% level and we reject hypothesis 3. It revealed that the degree and diploma graduates had more interest towards tourism services through advertisement in web media (mean value 5.592). According to their occupation employees have not implies on their opinion about interest on web advertisement. The F value not significant at 5% level we accept hypothesis 4 that is “there is no difference of opinion among of the respondents towards getting interests to the tourism services through web advertisement based on their occupation”. Table -2

Intention to Purchase towards tourism services through web advertisement is another factor for this study. Here also the post-graduator had more Intention to Purchases of tourism services rather than others (mean value 5.3636). It is proved by the F value is significant at 1% level. So the hypothesis 5 stated that “there is no difference of opinion among of the respondents have getting Intention to Purchases to the tourism services through web advertisement based on their education” is rejected. In case of their occupation, respondents those who were working in private and government had more Intention to Purchase towards the tourism products. It is proved by the F value 2.047 is not significant at 1% level. So, we accept hypothesis 6 that stated that “there is no difference of opinion among the respondents have getting

Intention to Purchase s to the tourism services through web advertisement based on their occupation”. Table -3

IV. Conclusion

Web medium had attracted customers in terms of getting awareness and Intention to Purchase, but did not create an interest towards tourism information or advertising. The paper intended to expand the knowledge about print, visual and internet advertising effectiveness. These topics are of interest both for scholars and for practitioners, as the internet’s opportunities are not unambiguously considered and are still developing. The tourism sectors will have good business opportunities in web media also. Cross media advertisement is at least as effective as the traditional print advertisement in inducing managerial decisions among the people towards tourism services. So the tourism sector will flourish more after the people have significant knowledge about information and communication technology.

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Table 1: Web Media, Awareness & Demographic Variables.

Demographic variables	Frequency	N	Awareness		
			Mean	SD	F
Education	Up to HSc	68	4.294	1.547	7.964(= α .001)
	Degree	56	5.592	1.448	
	PG	22	6.000	1.673	
	Total	144	5.041	1.673	
Occupation	Agriculture	86	4.581	1.467	5.526 (α = .006)
	Business	44	5.954	1.863	
	Employees	14	5.000	1.154	
	Total	144	5.041	1.673	

Source: Primary data.**Table 2: Web Media, Interest & Demographic Variables.**

Demographic variables	Frequency	N	Interest		
			Mean	SD	F
Education	Up to HSc	68	4.647	1.252	4.309 (α = .017)
	Degree	56	5.592	1.474	
	PG	22	5.454	1.035	
	Total	144	5.125	1.373	
Occupation	Agriculture	86	4.860	1.355	2.012 (α = .142)
	Business	44	5.500	1.371	
	Employees	14	5.571	1.272	
	Total	144	5.125	1.373	

Source: Primary data.**Table 3: Web Media, Intention to Purchase & Demographic Variables.**

Demographic variables	Frequency	N	Intention to Purchase		
			Mean	SD	F
Education	Up to HSc	68	4.153	1.328	5.405 (α =.007)
	Degree	56	4.545	1.503	
	PG	22	5.454	1.572	
	Total	144	4.472	1.472	
Occupation	Agriculture	86	4.046	1.362	3.638 (α =.031)
	Business	44	5.000	1.380	
	Employees	14	5.428	1.618	
	Total	144	4.472	1.472	

Source: Primary data.

A STUDY ON FINANCIAL PERFORMANCE OF DISTRICT CO-OPERATIVE BANK LTD. PAURI GARHWAL

Priyanka Agarwal*

In the modern oriented economy, finance is one of the basic foundations of all kinds of economics activities. Finance statements are prepared primary for decision making. This study mainly focuses on investigating the major factors that influence District Co-operative Bank financial performance. The Bank has been maintaining fair financial performance and further it can improve if the bank concentrates on with the overall service quality of their product and maintain proper fund. This paper is descriptive in nature, and data has been collected through secondary sources. The major findings of the study are that District Co-operative Bank Pauri Garhwal has been maintaining fair financial performance and further it can improve. The study also identified specific areas for District Co-operative Bank Pauri Garhwal to work on which can ensure sustainable growth for the bank. I try to show the differences between financial performances of District Co-operative Bank Pauri Garhwal over the last 4 year periods.

Keywords: Banking Sector, Financial Analysis, Co-operative Bank.

Finance statements are prepared primary for decision making. Financial analysis is the process of critically examine the financial strength and weakness of the Bank by properly establishing relationship between an item or amount appearing in the Balance sheet and the profit and loss account. The knowledge of financial performance helps, to decision makers, in predicting, comparing, and evaluating the earning ability of banks. The nature of analysis will differ depending upon the purpose of analysis. Financial analysis is used for setting financial policy and to evaluate economic trends, builds long term plans and identifies area for investment.

The purpose of this research is to search and examine the factors, which influence financial performance of District Co-operative Bank Pauri Garhwal. Financial analysis is the process of examining financial information to reach business decisions. The key source of information for financial analysis is the financial statements of organizations. Bank is back bone of an economy's financial system. For the past three decades, India's banking system has several outstanding achievements to its credit. Bank is a very important and vital for economic development in mobilizing capital and other resources. Therefore, it is vital for bank to analysis their financial performance and improve it for better economy financial system.

About The District Co-Operative Bank Limited Pauri Garhwal

Bank is back bone of an economy's financial system. The District Co-operative Bank Pauri Garhwal is one of the

leading banks in Uttarakhand. It has been constant Endeavour to provide highest level of services to their customers. The District Co-operative Bank Pauri Garhwal offers a wide range of personal & corporate services to their customers. The District Co-operative Bank Pauri Garhwal was established on 6th April 1953 with its head office in Kotdwar. The Bank was established to serve rural areas for agriculture sector. The District Co-operative Bank Pauri Garhwal is based on Co- operative principles and delivering innovative banking products and services by consistent improvement of technology. The Bank is presently doing the leading business in both Agriculture as well as Non- Agriculture sector.

I. Review of Literature

A variety of studies have been conducted with regards to the financial and operational affairs of the banks, various scholars, academicians and analyses have come up with their expertise to assess the performance of the banks.

- The study conducted by R. Nambirajan (2001) is one of the studies that compared gross and net Non-Performing Assets of all Public sector banks from 1998 to 2000. He concluded that corporation bank has lowest NPAs (1.92 per cent) and Indian bank has highest NPAs (16.18%).
- The study conducted by K. Srinivas (2013) examined financial performance of the Company with the help

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of fund flow analysis, trend analysis, common-size analysis, comparative financial statement & ratio analysis. His study suggests a very high quantum of liquidity cash in the company.

- The study conducted by Renu Bagoria (2014) is one of the comparative studies between private sector banks and public sector banks and the adoption of various services provided by this bank. She concluded that the transaction of Mobile banking through public sector bank is higher than private sector.
- Alpesh Gajera (2015) in his research article a financial performance evaluation of private and public sector banks found that there is a significant difference in the financial performance of these banks and private sector banks are performed better than public sector banks in respect of capital adequacy ratio and financial performance.
- The study conducted by Muhammad Saifuddin Khan (2016) examines the relationship between funding liquidity and bank risk taking in the U.S. bank holding companies from 1986 to 2014, results concluded that bank size and capital buffers usually limit banks from taking more risk when they have lower funding liquidity risk.

Objectives of The Paper

The present study seeks to achieve the following objectives:

1. To show the financial stability analysis consists of (profitability and liquidity).
2. To analyze the balance sheet and income statement of District Co-operative Bank Pauri Garhwal.
3. To Discuss the Financial ratio measurement and analysis.

II. Research Design Methods

Sources of Data

This research paper is an attempt of descriptive research based on secondary data. Secondary data was collected from various website, journals, magazines which focused on various aspects of financial performance of district Co-operative bank Pauri Garhwal. The data required for the study has been collected from secondary sources and the relevant information were taken from annual reports, journals and internet etc. Ratio Analysis was applied to analyze and compare the trends in banking business and financial performance.

Universe of The Study

For the purpose of the study, the universe consists of all the financial statement of District Co-operative Bank Pauri Garhwal.

Sample Size

Financial statement of last 4 years 2013-14 to 2016-17. The study shows the differences between financial performances of District Co-operative Bank Pauri Garhwal over the last 4 year periods.

Statistical Tool Used

To have a meaningful analysis and interpretation of various data collected, the following tools were made for this study. Ratio analysis, Trend analysis

III. Analysis, Discussion & Findings

In table 1, a current ratio 2:1 is considered ideal. From the above table, we clearly know that the current ratio for the year 2015-2016 is high which indicate there may be possibility of more ideal funds. The current ratio for the year 2013-2014 is comparatively low than other years from the overall statement.

In table 2, a liquid ratio 1:1 is considered ideal. From the above table, we clearly know that the liquid ratio for the year 2015-2016 is high which indicate that greater efficiency in the utilization of liquid assets. In the year 2013-2014 the ratio shows 1.17 due to a lower efficiency in the utilization of liquid assets.

In table 3, a liquid ratio 1:2 is considered ideal. From the above table, we clearly know that the liquid ratio for the year 2015-2016 is high which indicate that greater efficiency in the utilization of liquid assets. In the year 2013-2014 the ratio shows 1.17 due to a lower efficiency in the utilization of liquid assets.

In table 4, we clearly know that the cash ratio for the year 2016-2017 is high and in the year 2013-2014 the ratio shows 0.073 due to a lower cash and bank balance.

In table 5, we clearly know that the solvency ratio is high for the year 2014-2015 and low for the year 2016-2017. The external liabilities of the bank are low than the total assets.

In table 6, we clearly know that the ratio is high for the year 2014-2015 and low for the year 2016-2017. So the above three 2013-14 to 2015-16 financial years' outsider's fund (debt) is higher than that of proprietor's fund (equity).

In table 7, we clearly know that the ratio is high for the year 2016-2017 and low for the year 2014-2015. The fluctuation in owner equity results that the proprietary ratios are varied.

In table 8, we clearly know that the ratio is high for the year 2014-2015 and low for the year 2016-2017. The fluctuation in total assets results that the ratio of total liability to total assets are varied.

Table 9 shows that the fixed assets to net worth ratio is high for the year 2014-2015 and low for the year 2015-2016. Higher ratio indicates that greater efficiency in the utilization of proprietor's fund.

Table 10 shows that the ratio is high for the year 2014-2015 and low for the year 2016-2017. In the financial year 2014-2015 net profit and total assets values are comparatively high than other financial years.

Table 11 shows that the ratio is high for the year 2014-2015 and low for the year 2016-2017.

As mentioned above, the study is based on a financial statement of last 4 years 2013-14 to 2016-17. District Pauri Garhwal.

Findings

- Liquidity quit good compare to others but they have chance to improve more.
- In the current ratio, current asset and current liability rapidly increased. Due to increase of liabilities the current ratio has been decreased from the year 2016-2017.
- From the year 2013-2014 the liquid ratio has been increasing trend, but in 2016-2017 it has been decrease due to increase in current liability.
- From the year 2013-2014 the absolute liquid ratio has been increasing trend due to continuously improvement in super quick assets.
- The solvency position of the bank on increasing trend due to the frequent increase of total assets, but in 2016-2017 it has been decrease due to increase in external liability.
- The return on proprietor's fund ratio 0.22 percentages is the highest percentage in the year of 2016-2017 due to the highest value of owner equity
- The return on total asset is the highest in the year of 2014-2015 due to the highest value of net profit 643 Lakh. There after ROA of District Co-operative Bank is showing a declining trend.
- The outsider's fund (debt) is higher than proprietor's fund (equity).
- In the fixed asset to net worth ratio the proprietor's fund value has been increasing gradually. But the fixed asset has more fluctuation in its values. So this ratio also has fluctuation in its values. The ratio of the

year 2014-2015 has suddenly increased due to fall in the value of net worth.

- Internet Banking has not been introduced. It's a big requirement of banking customers.
- The comparative statement results show positive level. But there is no constant improvement in its values year by year.
- Lack of available information on banking product is the major problem of District Co-operative Bank Pauri Garhwal.

Suggestions: -

- Current assets should be increased. The value of current assets is increased over the years but current liabilities also increased so, the bankers try to keep current assets at maximum level.
- Profit rate is low in last two years 2015-16 and 2016-17.
- Profitability performance of District Co-operative Bank Pauri Garhwal is not satisfactory level if we compare to profit of 2014-2015.
- The bank may try to keep this solvency position for reducing the risk of owners.
- The bank should maintain its debt position.
- To increase the return on total assets, the bank should prevent the frequent fluctuation between the net profit and total assets.
- In this competition era District Co-operative Bank Pauri Garhwal should have to concentrate on the customer's satisfaction by providing them best banking services.
- Bank should have to focus on retain the existing customers and have to offer new scheme day by day to attract the new customers.
- Internet Banking should be introduced immediately. It's a big requirement of banking customers.

IV. Conclusions

On the basis of the present study concludes that financial performance is fair. District Co-operative Bank Pauri Garhwal has been maintaining fair financial performance and further it can improve if the bank concentrates on solvency position for reducing the risk of owners and bank should maintain its debt position. This research explicitly indicates that The ROA of District Co-operative Bank is showing a declining trend and Bank should pay attention towards the utilization of its assets more effectively. I try to show the differences between financial performances of District Co-operative Bank Pauri Garhwal over the last 4 year periods. This paper measured the performance of District Co-operative Bank Pauri Garhwal over the financial year 2013 to 2017. The

results indicate that the overall bank performance in terms of profitability & liquidity has been improving since 2013 up to 2016 and declining at 2016. In this competition era banks should have to concentrate on the offering new scheme day by day to attract the new customers and retain the existing one.

Limitations of The Study

- The study is confined to four years’ data only (2013–2017).
- The study is based on secondary data collected from the annual report of District Co-operative Bank Pauri Garhwal. So it is subject to all limitations that are inherent in the condensed published financial statements.
- The study was confined to the District Co-operative Bank Pauri Garhwal in (Uttarakhand) only. So the finding may not be generalized in a broader perspective.

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Table 1: Current Ratio (Rs. in Lakh)

YEAR'S	CURRENT ASSET	CURRENT LIABILITY	RATIO
2013-14	35,904	30,335	1.18
2014-15	43,815	34,660	1.26
2015-16	49,886	35,867	1.39
2016-17	49,756	39,296	1.27

Source: Annual Report of District Co-operative Bank Pauri Garhwal.

Current Asset Ratio

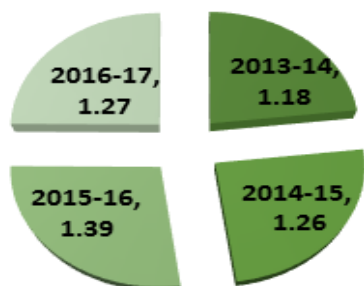
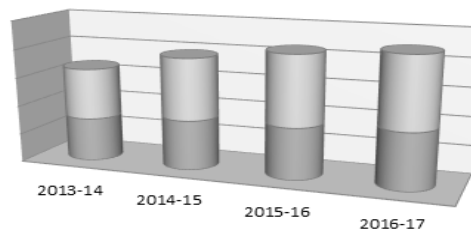


Table 2: Liquid Ratio (Rs. in Lakh)

YEAR'S	LIQUID ASSET	CURRENT LIABILITY	RATIO
2013-14	35,544	30,335	1.17
2014-15	43,243	34,660	1.25
2015-16	49,008	35,867	1.37
2016-17	49,617	39,296	1.26

Source: Annual Report of District Co-operative Bank Kotdwar

Liquid Ratio



	2013-14	2014-15	2015-16	2016-17
LIQUID ASSET	35,544	43,243	49,008	49,617
CURRENT LIABILITY	30,335	34,660	35,867	39,296
LIQUID ASSET RATIO	1.17	1.25	1.37	1.26

Table 3: Absolute Liquid Ratio (Rs. in Lakh)

YEAR'S	SUPER QUICK ASSET	QUICK LIABILITY	RATIO
2013-14	8,749	30,300	0.29
2014-15	10,177	34,563	0.29
2015-16	14,954	35,864	0.42
2016-17	17,517	39,293	0.45

Source: Annual Report of District Co-operative Bank Kotdwar

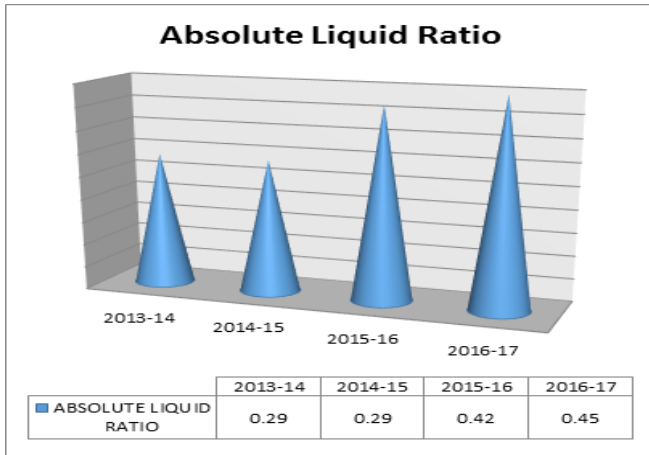


Table 4: Cash Ratio (Rs. in Lakh).

YEAR'S	CASH+BANK	CURRENT LIABILITY	RATIO
2013-14	2,214	30,335	0.073
2014-15	3,161	34,660	0.091
2015-16	3,062	35,867	0.085
2016-17	3,636	39,296	0.093

Source: Annual Report of District Co-operative Bank Kotdwar

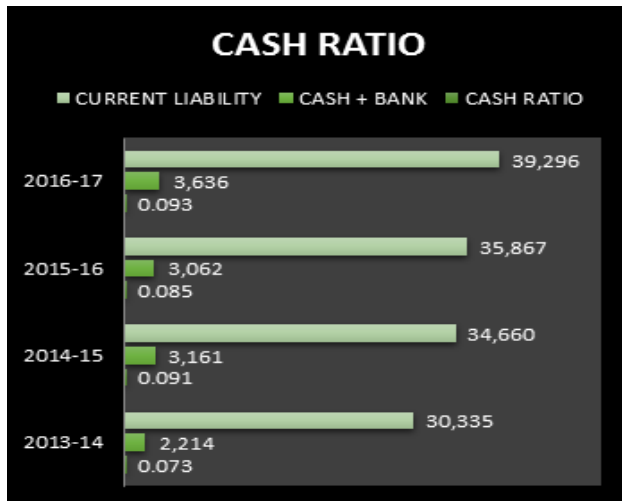


Table 5: Solvency Ratio (Rs. in Lakh).

YEAR'S	EXTERNAL LIABILITY	TOTAL ASSET	RATIO
2013-14	45,128	57,395	0.79
2014-15	54,780	60,196	0.91
2015-16	52,627	65,052	0.81
2016-17	57,067	73,429	0.78

Source: Annual Report of District Co-operative Bank Kotdwar

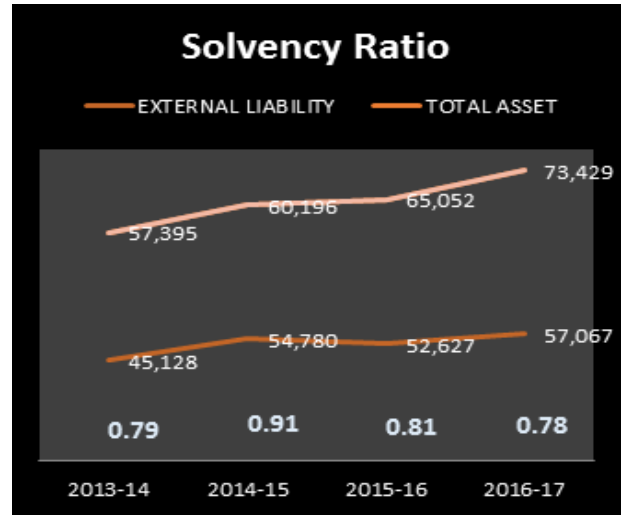


Table 6: Debt Equity Ratio (Rs. in Lakh).

YEAR'S	DEBT	EQUITY	RATIO
2013-14	14,793	12,267	1.21
2014-15	20,120	5,416	3.71
2015-16	16,760	12,425	1.35
2016-17	17,771	16,362	1.09

Source: Annual Report of District Co-operative Bank Kotdwar

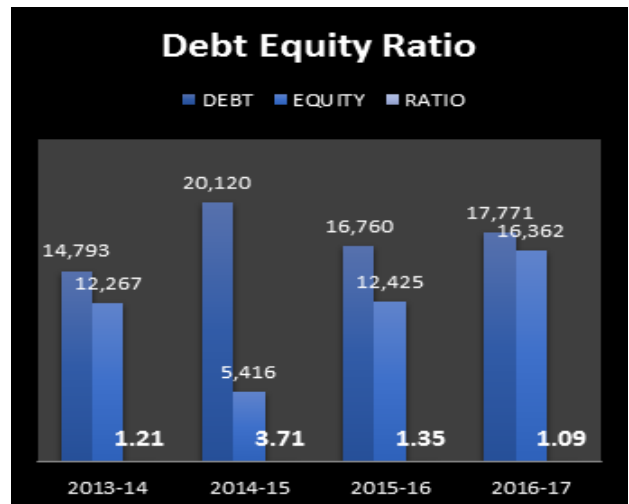


Table 7: Proprietary Ratio (Rs. in Lakh).

YEAR'S	OWNER EQUITY	TOTAL ASSET	RATIO
2013-14	12,267	57,395	0.21
2014-15	5,416	60,196	0.09
2015-16	12,425	65,052	0.19
2016-17	16,362	73,429	0.22

Source: Annual Report of District Co-operative Bank Kotdwar

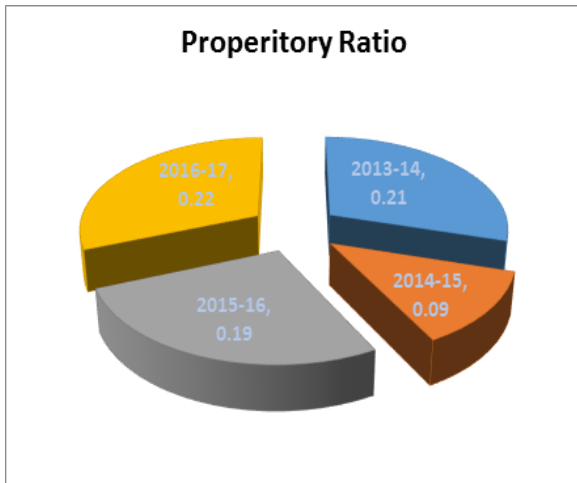


Table 8: Ratio of Total Liabilities to Total Assets (Rs. in Lakh).

YEAR'S	EXTERNAL EQUITY	TOTAL ASSET	RATIO
2013-14	45,128	57,395	0.79
2014-15	54,780	60,196	0.91
2015-16	52,627	65,052	0.81
2016-17	57,067	73,429	0.78

Source: Annual Report of District Co-operative Bank Kotdwar

Table 9: Fixed Asset to Net Worth Ratio (Rs. in Lakh)

YEAR'S	FIXED ASSET	NET WORTH	RATIO
2013-14	21,491	12,267	1.75
2014-15	16,381	5,416	3.02
2015-16	15,166	12,425	1.22
2016-17	23,673	16,362	1.45

Source: Annual Report of District Co-operative Bank Kotdwar

Table 10: Return on Total Asset (Rs. in Lakh).

YEAR'S	NET PROFIT	TOTAL ASSETS	RATIO
2013-14	500	57,395	0.87
2014-15	643	60,196	1.07
2015-16	418	65,052	0.64
2016-17	388	73,429	0.53

Source: Annual Report of District Co-operative Bank Kotdwar

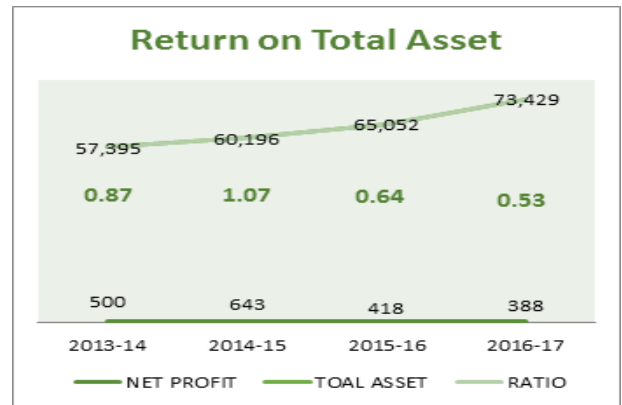
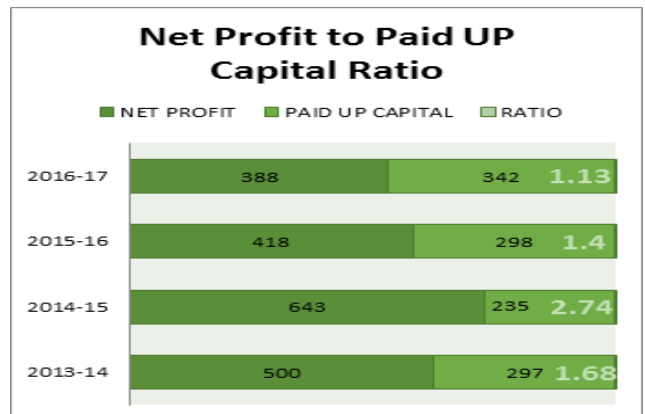


Table 11: Net Profit to Paid UP Capital (Rs. in Lakh).

YEAR'S	NET PROFIT	PAID UP CAPITAL	RATIO
2013-14	500	297	1.68
2014-15	643	235	2.74
2015-16	418	298	1.40
2016-17	388	342	1.13

Source: Annual Report of District Co-operative Bank Kotdwar



YOUNG CUSTOMER'S ATTITUDE TOWARDS DIGITAL BANKING WITH SPECIAL REFERENCE TO PULIC AND PRIVATE BANK IN UTTRAKHAND

Santosh Kumar Gupta* Anshika Bansal**

Customers are the ones that are driving digitalization in every sphere of business, including banking. It has been in the form of Digital banking, which is now replacing the traditional banking. The banking sector in India has seen a number of changes. It becomes even more important to ascertain the customers' perception of the overall service quality and their satisfaction with the current online banking services. It is also a fact that digitizing banking helps customer to more information in less time. Customer satisfaction is an important factor to help banks to sustain competitive advantages. Most of the leading Indian banks have started providing digital banking services. Therefore, the purpose of this research is to search and examine the factors, which influence customer satisfaction towards digital banking. This study mainly focuses on investigating the major factors that influence online customers' satisfaction with the overall service quality of their banks. This paper is descriptive in nature, and data has been collected through various primary and secondary sources. The major findings of the study are that majority of the customers are satisfied with the Digital Banking.

Keywords- Digital Banking, Customer Satisfaction, Banking Sector.

In the current scenario, Indian customers are moving towards digital banking, slowly but steadily. Digital banking system touches the lives of millions of people and it is growing at a fast pace. Digital banking refers to the automated delivery of banking products and services directly to customers through electronic communication channels, most notably the Internet. Digital Transformation is far beyond just moving from traditional banking to a digital world. The Indian banking and financial sector has also welcomed this change. It is a vital change in how banks and other financial institutions learn about, interact with and satisfy customers. This transformation leads to the major changes in the banking sector, from product-centric to customer-centric view today, more and more Indian banks are trying to differentiate themselves in a fiercely competitive industry. Presently digital banking plays a very important role in banking customer life. It provides number of facilities to the people, banking service has become a need of the society. Now days banking provides services more than customer's expectation.

The digital banking services offer services according to the customer needs and requirements. Each and every day, new technologies are providing various customer touch points. Here the services are being provided online that were originally provided in the branches. High level of satisfaction is demanded by the customer as customer

expectation in digital banking is very high and competition is also high with little differentiation in type of services offered.

I. Review of Literature

A variety of studies have been conducted with regards to the customers' satisfaction towards digital banking various scholars, academicians and analyses have come up with their expertise to assess the satisfaction of the customers.

- The study conducted by Rakesh H M & Ramya T J (2014) is one of the studies that examine the factors that influence internet banking adoption. Using PLS, a model is successfully proved and it is found that internet banking is influenced by its perceived reliability, Perceived ease of use and Perceived usefulness.
- Dr. M. Abdul Hakkeem and Y. Moydheen Sha (2015) in their paper found that particular age group used digital banking services. The satisfaction of the

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customer majorly influenced the convenience, awareness, and responsiveness. In the present technology society, most of the banking customer prefer and switch to e-banking facilities. So the banker may improve their services, loyalty to customers and their retention by increasing awareness of other age groups and concentrating on the factors contributing customer satisfaction.

- The study conducted by Hani A. Al Haliq & Ahmad A. Al Muhirat (2016) examined the extent of consumer loyalty with electronic saving money. It inspected different parts of electronic administrations gave by banks in Saudi Arabia to reveal more insight into these administrations and client desires. The outcomes demonstrate that Saudi banks have prevailing with regards to accomplishing noteworthy consumer loyalty by enhancing their electronic administrations, encouraging electronic exchanges, enhancing handling execution and improving the particulars of electronic administrations.

Objective of The Study

- To investigate the factors that influences the level of satisfaction of Young Customers of public and private sector banks in Uttarakhand.
- To measure the satisfaction level of Young Customers towards Digital Banking services in Utrakkhand.
- To state the present situation of the Digital Banking Services in public and private banks.

II. Research Design and Methods

Sources of Data

This research paper is an attempt of descriptive research based on Primary data and secondary data. Primary data was collected through well designed questionnaires and Secondary data was collected from various website, journals, magazines which focused on various aspects of customer satisfaction towards digital banking.

Universe of the Study

For the purpose of the study, the universe consists of all the Banking customers of PNB, AXIS & HDFC Bank at District Pauri Garhwal (Utrakkhand).

Sample Size

A total of 120 questionnaires were collected. Majority of the respondents were male, Resident of Kotdwara area banking customers were the highest contributors out of the total respondents.

Statistical Tool Used

Non probability Convenience Sampling method was used.

III. Analysis, Discussion & Findings

It is revealed from the Demographics that (65.84%) of the respondents is male and (34.16%) are female. Most of the banking customer belongs to the Income group Rs. 15,000 – Rs. 50,000 (40.84%). Most of the banking customers are Postgraduate (51.67%). Most of the banking customer belongs to the age 20-25(45.83%).

In table 1, it is clear that 96 (80%) respondents are aware about Digital Banking. Only 24(20%) respondents are not aware about Digital Banking.

In table 2, out of 120 respondents who are aware about Digital Banking Services only 89(74.17%) are using the Digital Banking Services. One reason for not using the Digital Banking services by the other respondents is that people are less educated in these areas. So they hesitate in using computer and internet.

In table 3, it is clear that most of the respondents are frequently using ATM, fund transfer & getting the bank statement through Digital Banking services.

Findings

- ✚ 96(80%) people are aware about Digital Banking Services.
- ✚ 89(74.17%) people are using the Digital Banking services frequently. Others are using in a very infrequent manner.
- ✚ 69(57.50%) respondents are satisfied with the statement it is Easy to use Digital Banking Services.
- ✚ 90(75%) respondents said that the Digital Banking is time saving process.
- ✚ 71(59.17%) respondents said Digital Banking Services Provides safety and security.
- ✚ 81(67.50%) respondents said Digital Banking Services provide up-to-date information.
- ✚ 87(72.50%) respondents said that a Digital Banking service is 24 hours available.
- ✚ Frequently used Digital Banking services are ATM, Fund Transfer & getting the bank statements. This study show that Consumers are using various services provided by their respective banks and the highest used services are the ATM & Bank statement across various age groups.

IV. Conclusion

Here it can be concluded that most of the customers are satisfied with Digital Banking Services. Customer's age, education, and income levels influence the customer satisfaction. The usage of up to date information and

technologies for customer communication enhance the customer satisfaction. Still people of these areas are not using all the Digital Banking Services frequently because they less knowledge about computer and internet; so they feel hesitation in using Digital Banking services. In this competition era all the banks should have to concentrate on the customer's satisfaction to retain the existing customers and have to offer new scheme day by day to attract the new customers

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Demographic Characteristics of Sample Customers (N=120)

S. N.	Demographics	PNB (37)	Axis Bank (84)	HDFC (29)	Total
1.	Gender: Male Female:	32(26.67) 19(15.83)	23(19.17) 10(08.33)	24(20.00) 12(10.00)	79(65.84) 41(34.16)
2.	Age Group: Less than 20 20 – 25 25 – 30 More than 30	04(03.33) 23(19.17) 17(14.17) 07(05.83)	00(00.00) 19(15.83) 12(10.00) 02(01.67)	06(05.00) 13(10.83) 09(07.50) 08(06.67)	10(08.33) 55(45.83) 38(31.67) 17(14.17)
3.	Income Group: Less than Rs. 5000 Rs. 5,000 – Rs. 10,000 Rs. 15,000 – Rs. 50,000 More than Rs. 50,000	06(05.00) 02(01.67) 19(15.83) 24(20.00)	05(04.17) 11(09.17) 13(10.83) 04(03.33)	02(01.67) 03(02.50) 17(14.17) 14(11.67)	13(10.83) 16(13.33) 49(40.84) 42(35.00)
4.	Education: - High School Intermediate Graduate Post Graduate	01(00.83) 03(02.50) 17(14.17) 30(25.00)	00(00.00) 04(03.33) 15(12.50) 14(11.67)	03(02.00) 03(04.00) 12(10.00) 18(15.00)	04(03.33) 10(08.33) 44(36.67) 62(51.67)

Source: Field Survey

Table 1: Showing the Relationship between age of customers and Awareness Level.

Awareness level about Digital Banking			
Age Group	YES	NO	Total
Less than 20	08	02	10
20 – 25	47	08	55
25 – 30	29	09	38
More than 30	12	05	17
Total	96	24	120

Source: Primary Data

Awareness Level about Digital Banking

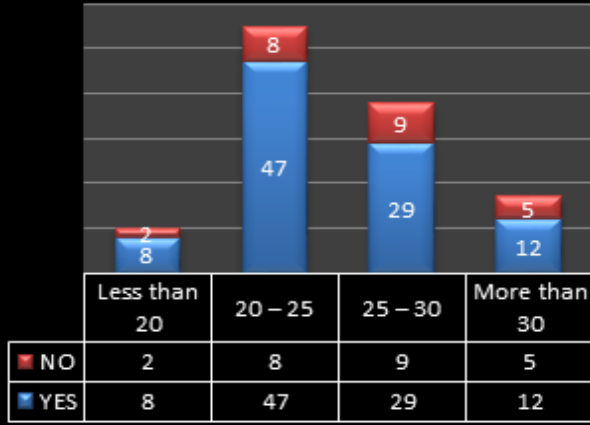


Table 2: Showing the No. of Respondents who are using the Digital Banking Services Frequently.

Usage of Digital Banking Services			
AGE GROUP	YES	NO	TOTAL
Less than 20	07	03	10
20 – 25	41	14	55
25 – 30	27	11	38
More than 30	14	03	17
Total	89	31	120

Source: Primary Data

Usage of Digital Banking Services

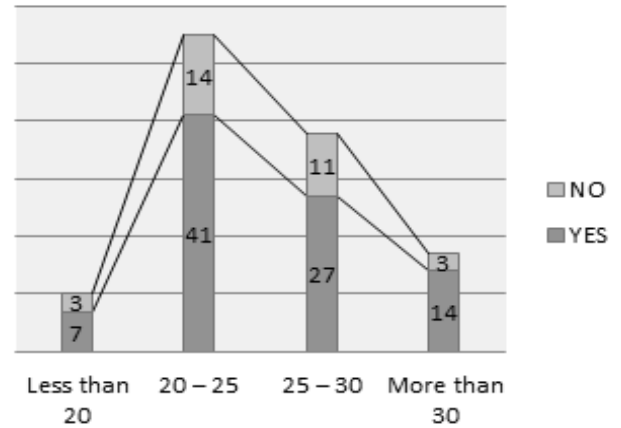


Table 3: Showing the frequently used Digital Banking Services by the Respondents.

Most often used services	Less than 20	20 – 25 (55)	25 – 30 (38)	More than 30 (17)	TOTAL
ATM	09	55	36	15	115
BILL PAYMENT	03	22	15	07	47
FUND TRANSFER	07	41	29	11	88
ONLINE SHOPPING	10	29	18	04	61
CREDIT CARDS	01	12	08	03	24
BANK STATEMENT	04	49	27	14	94

Source: Primary Data



Table 4: Distribution of customer's according to their Attitude regarding Digital Banking Services.

S.N.	Attributes	SDA	DA	NAND	A	SA
A1	Easy to use Digital Banking Services	7 (5.83)	28 (23.33)	16 (13.33)	67 (55.83)	02 (1.68)
A2	Digital Banking Services Provides Safety and Security	12 (10)	22 (18.33)	15 (12.5)	57 (47.5)	14 (11.67)
A3	Digital Banking Services is Time Saving & Cost effective	09 (07.5)	16 (13.33)	05 (04.17)	75 (62.5)	15 (12.5)
A4	Digital Banking Services Provides up-to-date & Accurate Information	03 (2.5)	14 (11.67)	22 (18.33)	36 (30)	45 (37.5)
A5	24 Hours Availability of Digital Banking Services	06 (05)	18 (15)	09 (7.5)	41 (34.16)	46 (38.33)
A6	Delivery of service on time	03 (2.5)	09 (7.5)	16 (13.33)	37 (30.83)	55 (45.84)
A7	Cost of delivery reasonable	02 (1.67)	07 (5.83)	10 (8.33)	82 (68.33)	19 (15.84)
A8	Complain solving procedure is satisfactory	04 (3.33)	20 (16.67)	11 (9.17)	56 (46.67)	29 (24.16)

IMPACT OF TQM ON EMPLOYEE AND CUSTOMER SATISFACTION – A STUDY ON TRICITY REGION

Kapil Jaiswal* **Dr. Minakshi Garg****

The purpose of this research is to understand the complex relationship between the TQM implementation levels and employee / customer satisfaction scores in software development industry. The research is based on cross-sectional design. This study has been undertaken, specifically for the software development organizations operating in Chandigarh, Panchkula and Mohali. A total of 165 respondents were selected using convenient sampling. Descriptive statistics and T test were used to find, if there was any significance difference between employee / customer satisfaction scores of organizations with different TQM levels. A consolidated TQM score was calculated considering four TQM elements, viz. Total Management Commitment, Customer Focus, People Management and Continuous improvements, for this study. The results showed that TQM implementation impacts the employee and customer satisfaction scores, significantly. The uniqueness of this study comes from the combination of the geographic region covered and the sector studied.

Keywords: TQM, quality, customer satisfaction, employee satisfaction, Total Management commitment, People Management, Customer Focus, Continuous Improvement, T test.

IT Industry

Recently, the Indian software companies have evolved from an orientation of low-cost programs abroad towards complex services of software development produced from India and delivered to overseas clients. The worldwide quality standards of a significant number of companies in India have been acknowledged through top certifications. The Information Technology Enabled Services (IT-ITES) / Indian Information Technology industry is now, one of the most active sectors in India's economy and is accountable for the worldwide recognition of India. Most of the corporations among Fortune 500 and Global 2000 lists are sourcing IT-ITES from India. Indian IT companies have set up over 600 delivery centers across the world and are engaged in providing services in over 200 cities across 78 countries. In terms of the national GDP, the sector revenues have grown from 1.2% in FY1997-98 to nearly 9.3% in FY2015-16. India continues to maintain a leadership position in the global sourcing arena, accounting for almost 56% of the global sourcing market size in 2016 as compared to 52% in 2012 ("Software and Service Sector", n. d.).

The Information Technology Enabled Services (IT-ITES) / Indian Information Technology sector is one of the most vibrant sectors for the economy of India and is responsible for its worldwide recognition. The consistent growth of the IT segment has created noticeable employment, wealth, exports and a large pool of highly

skilled workers. The Indian software industry has been a remarkable success story. It has grown more than 30 percent annually for 20 years. India exports software services to more than 60 countries, with two-thirds of total to the United States, including half of all Fortune 500 (Bhatnagar, 2006). Punjab's IT policy and the incentives offered to the IT industry are aimed at promoting Punjab as an attractive destination for the industry. Mohali has been developed as an IT and ITeS hub in the state. ("Punjab state report", n.d.) Due to the establishment of Rajiv Gandhi Chandigarh Technology Park (RGCTP) in Chandigarh, the city has become a well-known destination both inside and outside India. Many companies, such as Infosys, Virsa, Net-Solutions, Taurus Agile, and IBM established their units here in only one year.

In commercial segment, DLF has developed state of the art commercial building for the companies to set up operations in the technology park. Rajiv Gandhi Chandigarh Technology Park (RGCTP) provides world class integrated infrastructure necessary for the setting up of facilities/campuses by leading Technology Companies and other IT/ITES/BPO companies for the first time in

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this region. Coupled with proactive IT & ITES Policies the city is emerging as the hub for IT & IT Enabled Services. ("Confederation of Indian Industry", n.d).

TQM

Quality is a significant element of any product or services in keeping the customers satisfied. There are diverse definitions and conflicting views of the term quality by different people. The commonality among all definitions is that the quality of a product or service denotes to what extent the product or service meet customer's expectations.

Quality management involves the devising quality specific strategies, creating targets, identifying objectives and implementing the plans to achieve the same; and using control systems for monitoring feedback and taking corrective actions. TQM can be defined as an all-inclusive management philosophy which attempts for continuous organizational improvement. (Kaynak, 2003).

TQM may be an outdated concept for a few, but many of the modern continuous improvement approached can be considered as derived from TQM philosophies. TQM encompasses many quality control and improvement methodologies like Six Sigma, which is being used widespread today, comes under umbrella of TQM, not an alternative to it (Klefsjo, Wiklund, & Edgeman, 2001).

TQM also includes models and practices like Lean Sigma, Malcolm Baldrige National Quality Award (MBNQA) and ISO 9000. The main underlying principle among all these frameworks is that these are based on a preventive mechanism that attempts to improve quality and efficiency enhance productivity, and increase customer satisfaction (Waldman & Addae, 1993).

Employee and Customer Satisfaction

Employees, a human resource, understand the needs of a customer and work towards providing an optimal solution for the same. Employee satisfaction leads to employee loyalty and extends stay of an employee within the organization, thus reducing employee attrition. Satisfied employees are considered as ambassadors for their organization. Employees who are loyal, are more productive and add value to the organization.

Employee satisfaction is the fulfillment or enjoyable emotional state resulting from the valuation of their job (Locke, 1976; Moorehead & Griffin, 1998). Employee satisfaction has been considered as a significant motivator for employee performance (Mak & Sockel, 2001). Employee loyalty could be predicted largely as an

employee's feeling of attachment to an organization (Meyer & Allen, 1991). Consumer satisfaction is an evaluation of the consumption experience in response to the prior beliefs with respect to the available alternatives (Engel, Blackwell and Miniard, 1995).

Oliver (1997, p. 13) notes that: "Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under-or over fulfillment".

Most of the software organizations in Tricity region are mid and small sized organizations in terms of employee strength, barring only a few large organizations. In comparison to Delhi / NCR region and other software development hubs like Bangalore, Hyderabad etc., the software sector is still in infancy stages in this region. In this phase, many organizations may be trying to find a balance between satisfying customer and their employees. This study may try to provide an answer to this puzzle, which may be, the TQM implementation.

I. Review of Literature

There have been numerous studies on TQM including Flynn et al. (1994); Black and Porter (1996); Choi and Eboch (1998), Samson and Terziovski (1999), and Kaynak (2003). These TQM studies broadly identified similar TQM elements as the input and different set of performance measures were considered as an output. Since the establishment of Malcolm Baldrige National Quality Award (MBNQA) framework, numerous researchers have based their frameworks on the MBNQA framework: leadership, strategy and planning, customer focus, information and analysis, people management and process management. (Jung, J. Y., & Wang, Y. J. (2006).

According to Mohammad (2006), TQM has been effective in integrating quality development, quality maintenance and quality improvement efforts of various facets of a quality system enabling delivery of services at a maximum economical level as well as providing highest possible customer satisfaction. Oakland (1989), describes TQM as a methodology to improve competitiveness and flexibility for the whole organization. According to Hellsten and Klefsjö (2000), TQM can be defined as a management system comprising of core values, techniques such as process management, benchmarking, customer focused planning or improvement teams and tools such as control charts.

Samson & Terziowski (1999) found that TQM is a valid and reliable instrument for forecasting organization's performance. Three of the TQM element viz., leadership, people management and customer focus have a significantly positive effect on performance, but the other three elements considered in that study viz., strategic quality planning, information and analysis and process management did not. Performance itself is composed of multiple dimensions like quality, employee motivation, and customer satisfaction and delivery performance. (Samson et al., 1993)

The positive impact on financials of organizations like profits, market share and growth rate is the result of the strong and direct impact of TQM on non-financial aspects like changing organizational culture, productivity, employee morale and innovation, Mehmet et al. (2006).

Boselie & Wiele (2002) revealed that positive perceptions of individual employees on the HRM/TQM concepts lead to a higher level of satisfaction and less intention to leave the organization. Many of the earlier studies suggest that TQM practices have a direct impact on job satisfaction (Jun et al., 2006; Ooi, Bakar, Arumugam, Vellapan, & Loke, 2007).

Fuentes-Fuentes, M. M., Albacete-Sáez, C. A., & Lloréns-Montes, F. (2004) found that the teamwork element of TQM is positively related to employee performance. As continuous improvement involves having new performance goals, the achievement of these goals may lead to employee satisfaction. Easton and Jarrell (1998) found that TQM leads to high-quality products, cost reduction, increases customer and employee satisfaction, and improves financial performance. TQM focus on continuous improvement, customer satisfaction, top management support, and employee involvement (Ross, 1993). According to Zairi (1997), TQM put emphasis on support from Top management and employee involvement for continuous improvement initiatives.

Larson and Sinha (1995) found that employee satisfaction and quality of product are positively correlated. Brah et al. (2002) analyzed that employee satisfaction and customer satisfaction among other performance constructs and observed that TQM firms performs better than non-TQM firms in these performance constructs, for a study on manufacturing and service firms in Singapore.

Zhang (n.d) suggested that employee satisfaction promote and motivate employees to work towards quality improvement. Else, the quality initiatives may fail. Lam

(1995) suggested that TQM has an impact on various aspects of jobs of employees and their satisfaction.

Fotopoulos and Psomas, 2010) in their study concluded that TQM positively impacts employee satisfaction. Abusa (2011) identified the measures of organization performance as financial performance; operational or internal performance; customer satisfaction; employee satisfaction; and learning and growth. QM elements were found to be significantly correlated with at least three performance improvements. The TMC element was significantly correlated with Customer satisfaction; Employee morale, and Production performance improvement (a % increase in production rate) whereas the customer focus element was significantly correlated with Employee morale; Sales growth; and Export growth. Employee satisfaction is a major driver towards adoption of a customer orientation by any organization. Organizations intensely need job satisfaction from their employees (Oshagbemi, 2003). Gupta & Belokar (2014) confirmed that TQM is a strategic tool for an organization to remain competitive. Everyone in organization has to be involved for proper implementation of TQM.

Zehir (2012) found that organizations with TQM enjoy benefits such as higher quality products, satisfied customers, reduced costs and improved employee satisfaction. As per Watson (1986) following results are obtained when TQM is implemented in either service or product based enterprise: customer and employee satisfaction are increased, costs are reduced, hence improving financial performance.

II. Research Design and Methods

TQM elements

This study measures TQM implementation on the basis of soft aspects or elements of TQM mainly Top Management Commitment (TMC), People Management (PM), Customer Focus (CF) and Continuous Improvement (CI). These elements have been considered based on the literature reviewed.

Research Objectives and Hypotheses Formulation

1. To explore if there is any significant association between employee satisfaction and TQM implementation level.

Following hypotheses will be tested for the above objective.

- a. Ho: There is no significant difference between Employee Satisfaction of organizations with High and Low TQM implementation levels.

- b. Ha: There is significant difference between Employee Satisfaction of organizations with High and Low TQM implementation levels.
2. To explore if there is any significant association between the customer satisfaction and the extent of TQM implementation.

Following hypotheses will be tested for the above objective.

- a. Ho: There is no significant difference between Customer Satisfaction of organizations with High and Low TQM implementation levels.
- b. Ha: There is significant difference between Customer Satisfaction of organizations with High and Low TQM implementation levels.

Research Design

Present work uses a descriptive cross-sectional study design. It is in line with the studies on Total Quality Management performed by Talib, Rahman, & Qureshi, (2012a); Kumar et al., 2011; Salaheldin, 2009 as cited in (Talib & Rahman, 2015). The study used electronic (e-mail) survey method as a means of data gathering which is commonly adopted in such types of work. The questionnaire was designed based on previous studies (Abusa, 2011; Attakora et al., 2014; Oluwatoyin & Oluseun, 2008). A survey with the set of questions, which had equal number of options for favorable and unfavorable responses, was given to the respondents. The respondents were asked to select their choices from the given five options which varied from strongly agree to strongly disagree. The scores were calculated in a way that all favorable responses had high scores while the unfavorable choice selection had accounted for low scores. The survey circulated consisted of two different sections. The initial section gathers the demographic information of the respondents. The second section collects data regarding the implementation of TQM constructs as well as level of customer and employee satisfaction. The questionnaire was initially validated through a pilot study before it was finally used for primary data collection. Cronbach's alpha values, the standard of reliability for survey instruments, of the all four Total Quality Management element constructs exceeded 0.70, which is acceptable (see Jung, & Wang, 2006; George, & Mallery, 2003). Below table 1 represent the Cronbach Alpha values for different Total Quality Management constructs.

Sample Size and Sampling Method

The sampling frame of this survey is composed of all organizations with type "IT" published by Glassdoor,

2017 for location Chandigarh, Panchkula, and Mohali. The sampling frame of IT organizations came to be of 280 in number. The sample size of 165 was arrived at, assuming 5% confidence interval and 95% confidence level. The survey questionnaire was forwarded to 165 organizations and responses were received from 61 organizations with a response rate for of more than 36% which is quite acceptable as recommended by Brah and Rao, 2000; Kureshi, Qureshi, and Sajid, (2010).

Data Collection/Questionnaire Administration and Responses

The target respondents to this survey were from middle management layer (mostly Technical leads/Project managers) whose main focus is to manage and maintain Quality of deliverables and follow processes for their specific project as defined for the whole organization. The other types of respondents were those who belong to QA function of the organization. These people ensure that a project follows established processes and meet minimum Quality criteria.

III. Analysis, Discussion & Findings

The responses of the 61 participating companies were further classified into two groups: one with a high-level and the other with a low-level TQM implementation as explained below. This study used a technique similar to that used by Abusa, (2011); Chapman and Al-Khawaldeh, (2002) who categorized the respondent companies into two clusters: High Level TQM implementers and Low Level TQM implementers.

The companies were sorted and ordered based on the 4 elements of TQM, which have been considered for this study. The classification was based on all 34 items (1 to 34) in the survey questionnaire, for calculation of overall TQM score,

It is observed that the scores for TMC and CF are high and almost all organizations scored higher in this aspect of TQM. The real difference lies in PM and CI aspect of TQM. These two elements came out to be a tiebreaker among High and Low-level TQM implementation in organizations. One of the reasons for this is that while all organizations and their top management focus on quality (of services and products) and customer satisfaction, not all focus on employee encouragement and management to achieve this goal. Also, continuous improvement is not something all organizations aim for while looking for customer satisfaction. CI requires special focus and resources which some organizations might feel like an unnecessary cost. Two independent sample T- test was

performed to analyze if there is any significant difference between the employee satisfaction and customer satisfaction scores of High and Low TQM values as has been done in various studies (Brah & Ying Lim, 2006, Oluwatoyin & Oluseun (2008) and Gupta and Belokar (2014) reviewed for this paper. The aim is to test if the two samples are taken from the same population or otherwise, which further means that it is utilized to investigate if the mean score of employee/customer satisfaction is statistically different between the two samples (high and low TQM organizations).

The variables exhibited a relatively normal distribution having the values of kurtosis and skewness not exceeding the absolute value of 1 as considered by Hoang et al (2010), Jaiswal and Jain (1987) and Essalam (2010). Levene's test was performed to check the equality of variance for two samples. There was no sufficient evidence found that the variances were different among the two samples. We have to reject Null hypothesis at a 5% level of significance in favour of alternative hypothesis which confirms that there is a significant difference between the means of customer and employee satisfaction for high and low level TQM implementers.

IV. Discussion

It is observed from above data, that the Low TQM organizations have got lower means for employee and customer satisfaction, as compare to high TQM organizations. Variance of these two statistics is also higher among Low TQM firms.

TQM principles advocate and promote employee encouragement and empowerment. It also focuses on continuous improvement of processes which in turn improves quality of output. These facts certainly indicate that the employee and customer will be more satisfied from the organizations, which implement TQM in its true flavor. Results seem to be in line with earlier studies from Brah et al. (2002) and Watson, 1986 among various others, though, the focus of this study is IT sector.

Conclusion and Implications for Managers

Employee and Customer satisfaction were found to be significantly higher in high TQM implementers, than low TQM implementers. This was inferred at 0.5 alpha levels. The results are mostly in line with earlier studies. Nothing can be more important than customer and employee satisfaction for an organization because these two aspects ultimately lead an organization towards the path of success. Management team can review the results of this

study, can strategize to implement TQM and can improve TQM levels to enhance the satisfaction levels.

Scope for further study

Only four TQM elements were considered for this study. There are many other which can be taken up for further study to derive the final level of TQM in an organization. Wider geographic region may also be considered for a similar study depending upon the availability of resources. There is an indication in above results that high employee satisfaction may be directly related to high customer satisfaction levels. This can also be analyzed further.

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Table 1: Cronbach Alpha Values for Different Total Quality Management Constructs.

Cronbach Alpha	
TMC	0.73
PM	0.93
CF	0.74
CI	0.9

Table 2: Descriptive Statistics of Total Quality Management Practices.

	Top Management Commitment (TMC)	Customer Focus (CF)	People Management (PM)	Continuous Improvement (CI)
Min	18	32	20	17
Mean	24.93	41.95	45.92	22.69
Max	30	50	60	30
SD	3.1	4.45	8.39	3.44

Table 3: Number of High and Low TQM Organizations as per Primary Elements.

TQM Elements	High	Low
TMC	52	9
CF	56	5
PM	41	20
CI	37	24
TQM	24	37

Table 4: T-Test for customer satisfaction and TQM level.

T-Test	Customer Satisfaction	
Alpha	0.05	
Hypothesized Mean Difference	0	
	Low TQM	High TQM
Mean	7.545454545	9.433333333
Variance	3.672727273	1.21954023
Observations	37	24
P* (T<=t) two-tail	0.018	
Df	59	

*Significant at alpha=0.5

Table 5: T-Test for employee satisfaction and TQM level.

T-Test	Employee Satisfaction	
Alpha	0.05	
Hypothesized Mean Difference	0	
	Low TQM	High TQM
Mean	9.909090909	12.7
Variance	7.290909091	0.355172414
Observations	37	24
P* (T<=t) two-tail	0.0225	
Df	59	

*Significant at alpha =0.5

SURVEY OF THE COMPANIES' INTERSECTIONAL MARKETING MATURITY (IMM) AND ITS RELATION TO THE ENTRY TIMING AND SEGMENTATION OF EXPORT TARGET MARKETS (EVIDENCE FROM A DEVELOPING COUNTRY)

Reza Shafei * Arman Rastad ** Mahdi Allahdadi ***

The purpose of this study is to evaluate the intersection marketing maturity and increases the ability of companies to segment and enter the target export markets in Iranian food producing Companies. Considering the different producing nature of these companies and their wide range of activities, these organizations have been divided into (seafood, dairy products, starchy, dried fruits and chocolate and sweets). According to the ICC, only now the areas with potential export can be placed in the following categories; in each of the above mentioned groups the active Iranian companies in each field of activity 4 companies (totally 25 producing companies) would be determined. The results of the 350 questionnaires showed that companies of chocolate, starch and dried fruit operate their market segmentation (segmentation) with many types of products which will lead to achieve better results in the target market. Also this maturity model should be accepted as a model to evaluate the maturity of business processes and widely uses.

Keywords: Intersectional Marketing maturity, Market segmentation, Market entry, Iranian food companies.

In the recent years, different and effective approaches have been developed as capability maturity models. The five level of the maturity level indicates the level of organization's capabilities which has been achieved by changing one or more than one section of the organizational processes. The maturity models describe the development of an identity over the time (Ahmadizad et al, 2011). One of the applications of organizational maturity assessment is the evaluation of marketing capabilities of the companies. Marketing maturity point of view means that the company pays attention to its place (position) in marketing in order to codify the

I. Review of Literature

Marketing plans and goes through the improvement stages step by step (Sirous et al, 2007). Marketing maturity model processes include marketing strategy, research and marketing intelligence, marketing planning, marketing leadership and staff's capabilities, pricing, brand positioning, sales and distribution channel, marketing communications, customer management and sales management. According to Schultz definition, the integrated marketing communication is a process which is characterized by the companies to achieve quick return on investment through aligning the communication goals with organizational goals (Schultz and Schultz, 2004). Duncan definition is as follows: the integrated marketing communication is a concept which directs and

coordinates the process of planning, implementation and monitoring the brand messages which create the relation of the customer with the brand (Duncan et al, 2008). The marketing maturity has been considered as a dilemma in local companies by the experts frequently. The aim of this research is to study the impacts of three variables of marketing maturity, companies' ability in market segmentation and deviation reduction of entry time into the foreign target markets. It can be claimed that this research and its findings are quite innovative and by drawing the integral space of marketing in manufacturing businesses in food industry, their competence in market segmentation and having efficient pattern for timely entry into the foreign markets can be evaluated scientifically. Thus the most important research questions are as follows: what is the amount of integral intersectional marketing maturity among studied companies? Can marketing maturity improve the companies' competence

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in market segmentation? Do they enter into the market on time or late? to what extent?

Integrated marketing occurs when the marketers design marketing activities and create plans to communicate and deliver value to the consumers so that the total collection would be total members more. There are two key contents here: 1) most of various marketing activities are able to create, communicate and deliver the value to the customer. 2) It is required that the marketers design and implement marketing activities with other activities in their minds (Kotler and Keller, 2016). They have also stated the following for the maturity of marketing research and inter-sectional customer orientation in the organizations:

- 1) the research and development section- to have time to listen to the customers' views, to cooperate with marketing sections, to figure out rival's product in order to outshine them, to receive the customers' offers, to receive the market feedback
- 2) business and logistics section- to find the best suppliers of raw materials and the other resources (e.g. quality would not be sacrificed for price),
- 3) marketing section- to review the customers' requirements and demands in a specific part of the market, to focus their marketing resources on a specific part of the market,
- 4) service (supply) section- to be aware of customer access industry,
- 5) transportation section- to have delivery standard, to have mobile and efficient section in order to respond to the customers
- 6) accounting part- to report the profitability of each product, each section, each order, each geographical region, each distribution channel and particular customers monthly or weekly,
- 7) public affairs section- to spread the company's good news to reduce the fines of bad news, to be people's representative as an inter-sectional customer and to track the performance and improvement of the organization
- 8) financial section- to recognize marketing costs and to support them, to coordinate the credit programs with customers' needs, to act quickly in identifying customers' credits and to decide quickly.

Ke and Siracki (2015) mentioned that the property markets in Shanghai and Beijing were moderately mature. These levels of maturity were based to low transparency in legal system, factor of taxes and invention of government. According to Sheard (2014), those companies which are interested in attending the export markets should consider two points, first, enter the market

faster and choose the major markets at first. Bin (1956) studied this issue widely in his research. Porter (1980) believes that obstacles to timely entry into the market, makes a lot problem for the timely establishment and consolidation of the company in the identified part of the market. One of the companies' problems in attending the market is united trading rules in target markets such as European Union. (Pearson, 2001). He divided the important obstacles into two categories: the attitude within the companies' structure and the other refers to the divergence of the variables. According to him those companies which supply the market later than the right time, face more obstacles and they have to expect the least (minimum) profitability. Those companies should use differentiating policies for their products which is often too hard, expensive (costly) and useless. He has divided the obstacles to timely entry into the market into two categories: external problems (brand image, the rate of customer's defection, access to distribution channels, government policies, competition and ...) and internal problems (sales' promoting policies, pricing, general strategies and ...). In order to participate in international markets, companies require investing appropriately. Laaf and Schoinz (2014) have categorized the factors for this issue as well which are related to internal environment, host, physical distance, industry index and company's life.

A few studies have been done within the country to evaluate the competence of these organizations in segmenting and the strategies related to it in international markets. As stated in Memari et al (2013), market segmenting contributes to the improvement of companies. Optiman (2011) discusses the necessity of segmentation in his work to be considered by the researchers and managers. Mulin and et al (2012) believed that various segmentations should be considered in the process of market segmentation. This segmentation should be according to the status quo of demographics such as age, gender, income, education, and family status by Greenvel et al (2008). Agarval et al (2012) stated that international organizations require a transnational and transcultural approach for their market segmentation in order to be able to reinforce their universal strategies. In relation to other methods of market segmentation, Briton and Martin (2011) in a research among 27 member states of Europe Union figured out that this market can be segmented to 3 main sections according to the market attractions and to 5 other sections according to small values through factor analysis and clustering. Klivland (2011) through evaluating active foreign company's in 8 countries concluded that having identity in the place (location), having international prestige, and focusing on

demographic values are effective in market segmentation. Kotler and Keller (2016) emphasizes on the importance of intersectional marketing. They believe that for marketing maturity it is necessary that all organizational sections do their best in marketing(table1).

II. Research Design & Methods

The paper is organized in two steps, the first level (evaluating the present situation of marketing maturity, the way of classifying the markets, and the way of being in the target markets) and at the second level (evaluating the effect of maturity on the export performance of the firms). The population in the study includes all the firms which produce foodstuff in Iran. Regarding the various natures of these firms and also the extent of their activities, these organizations are classified into the following groups. According to the Iranian Chamber of Commerce, Industries, Mines, and Agriculture:

1. Fish productions
2. Milk products and dairy products
3. Groups of cereal and starch products (pasta, etc.)
4. Groups of edible fruit, citrus peel or melon skin and dried product
5. Chocolate and confectionery products

In order to study of expert views of surveyed companies, a total number of $20 * 4 = 80$ of their managers (CEO and deputies) will be assessed in holography (due to the importance of the issue). Also to investigate the research variables, from each 20 inland brands, by visiting to the headquarters of the studied companies, the views of 20 executive and senior staffs of finance, marketing and sales, production, transportation, research and development, public relations, purchasing and logistics sectors (a total number of 350) are surveyed. The companies surveyed based on Kotler and Keller, 2016; word-master et al, 2006; Budeva and Mullen, 2014, and to evaluate of entering to the market by; Piherson, 2008.

III. Analysis, Discussion & Findings

Status of Export

Observing the achieved data from questionnaire, frequency of subjects according to the status of export of respondent is shown in table and figure (2-4).

According to the results of analysis (table and chart related to the marketing maturity) show that among the studied industries the highest score belongs to pastry/chocolate with mean: 3.814 and the lowest one belongs to dairy products with mean: 3.456.

According to Fig 4 active companies in the field of seafood and dairy products tend to produce inside of the country and pasta and dried fruit companies somewhat tend to produce outside of the country and chocolate companies tend to produce overseas. It can be said that the tendency to control is average for all the companies.

Fig 5 show that active companies in the field of seafood and dairy products tend to use a variety of strategies inside the country; on the other hand, pasta and dried fruit companies and chocolate industry to great extent choose their markets' segmentation based on great diversity.

Figure 6 shows that active industry in the field of dried fruit and dairy products can carry out their export directly; studies show that seafood and chocolate companies specially pasta /starchy are able to and tend to carry out direct investment outside of the country to develop their activity.

IV. Conclusion

The marketing managers of companies need to a comprehensive tool to develop the marketing strategies and programs in areas such as market segmentation, selecting target market, positioning, determining marketing mix, etc. The dependence of Iran's economy on oil revenues and the impact of these incomes on political and economic issues have led to the vulnerability of the Iranian economy and other oil countries in the Middle East. One of the ways to cope with this challenge is to develop products that, while improving the domestic economy, will increase non-oil exports. For this purpose, 350 employees of food producing companies in Iran were selected by non-probable sampling method in 2017 and tested by a questionnaire. The results of the model showed a strong correlation among the indicators. The basic and underlying concepts of maturity include the fact that mature organizations operate in a structured way, while immature organizations achieve results as a result of heroic efforts of individuals who use approaches that are created spontaneously. Immature organizations often create scheduled plans, but later often lose a lot of criteria and goals with a lot of difference. The mature organizations set up scheduled plans and constantly implement them. In mature organizations fully, continuously, and with little deviation, achieve their goals. While mature organizations achieve precise goals that they were committed to the immature organizations often achieve some goals, and won't achieve some other ones.

The Iranian firms may encounter the traditional criteria of mature and not well-established marketing, and these companies can effect on other and on the rest of the developing countries, with provide the model to increase their capabilities. To keep the customers and to maintain service quality in the food industry, the marketers have to use some regulation policies to ensure that the market segment and time of entry to it behave ideal. In this research we found that a developing country firm should have a good design to integrate the marketing units with other sections in company. According to our results the firms wanted to export their products to the foreign markets, but they had not a ready structure to support their enthusiastic. It can be said that the tendency to control is average for all the companies. The control is a situation for a firm that it would like to attend foreign markets with a lower risk.

For users of the research results, the following suggestions are proposed:

- Companies active in the field of chocolate, starch and dried fruit operate their market segmentation (segmentation) with many types of products which will lead to achieve better results in the target market.
- Companies that have the required ability for strategies of diversification can consider a given product for each external target market and provide the required funding.
- Seafood and dairy companies should be away from the focus and look at the external market with a fairly diverse approach. Products similar to current ones and somewhat modified products.
- Smart selection of the target market by taking advantage of the proposed marketing maturity model of this study makes it easier.

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Table 1: Evaluation Indicators for Intersectional Integrated Marketing in the Organization.

The evaluation of marketing maturity in different sections of a company
<p>Research and development</p> <ul style="list-style-type: none"> -they spend time to meet their customers and listen to them. -they welcome involving in marketing, manufacturing and other sections of new projects -they evaluate rivals' products and seek better solutions -they pay attention to the customers' reactions and use them in project advancement -they improve or redefine the products based on market feedback frequently
<p>Purchase</p> <ul style="list-style-type: none"> -they seek better providers constantly -they establish long-term communication with less providers but more reliable providers -they do not sacrifice quality for price
<p>Production</p> <ul style="list-style-type: none"> -they invite the customers to visit the factory -they visit the customers' factories -they tend to work according to the time-table for timely delivery and planned appointments -they seek trends to produce fast with low costs -they improve the quality of products constantly in order to eliminate defects -they meet customers' needs to customization
<p>Marketing</p> <ul style="list-style-type: none"> -they investigate customers' needs and demands carefully in different sections of the market -they establish marketing efforts related to long-term potential profit in different sections of the market -they establish victorious presentations in each section -they measure the company's image and the customer's satisfaction constantly -they investigate ideas to have new products and to improve the products and services constantly -they encourage all the employees to customer-oriented
<p>Sales units</p> <ul style="list-style-type: none"> -they specialize the knowledge related to the customer -they try to find the best solution -they promise as much as they can act -they feedback to the customer's needs and ideas to improve the products -they serve the customers for a long time
<p>Transportation</p> <ul style="list-style-type: none"> -they set high standards for services' delivery time and to meet customers' needs constantly -they present a friendly and specialized section to respond customers questions and critics and suggestions
<p>Accounting</p> <ul style="list-style-type: none"> -they provide profit reports based on product, market section, geographical parts (areas and sale regions), amount of order, channels, individual customers
<p>Financial</p> <ul style="list-style-type: none"> -they conform financial packages with customers' needs -they support marketing costs which lead to customers' long-term loyalty
<p>Public Relations</p> <ul style="list-style-type: none"> -they send favorable messages and control unfavorable ones -they act as internal customer and they are big fan of policies improvement

Scope of company's activity

Table 2: Frequency distribution related to the company's field of activity of respondents.

Percent	Frequency	Company's field of activity
16.6	58	Seafood
18.6	65	Dairy Products
22	77	Pasta /Starchy
22.3	78	Dried Fruit
20.6	72	Pastry /Chocolate
100	350	Total

Figure 1: Structural model of research in standard estimation mode (general model of research).

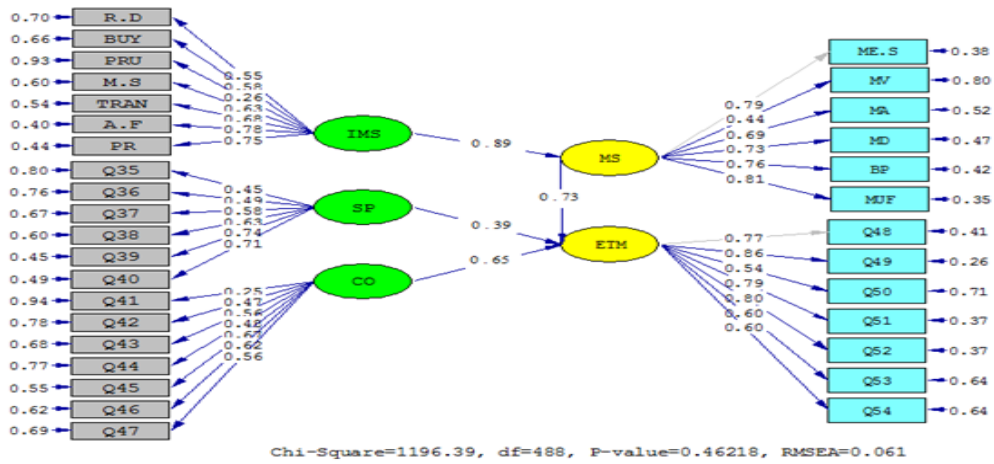


Figure 2: Structural model of research in a significant mode (general model of research).

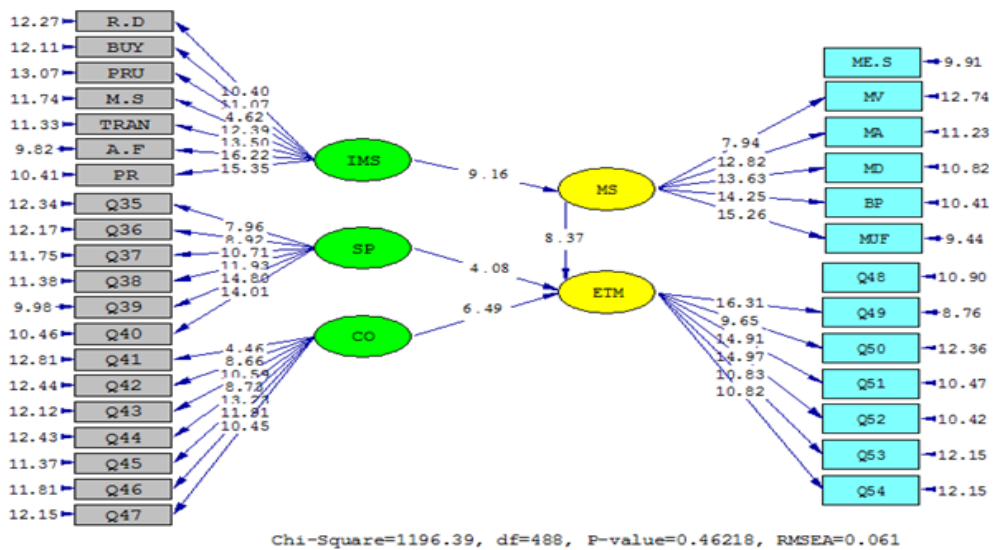
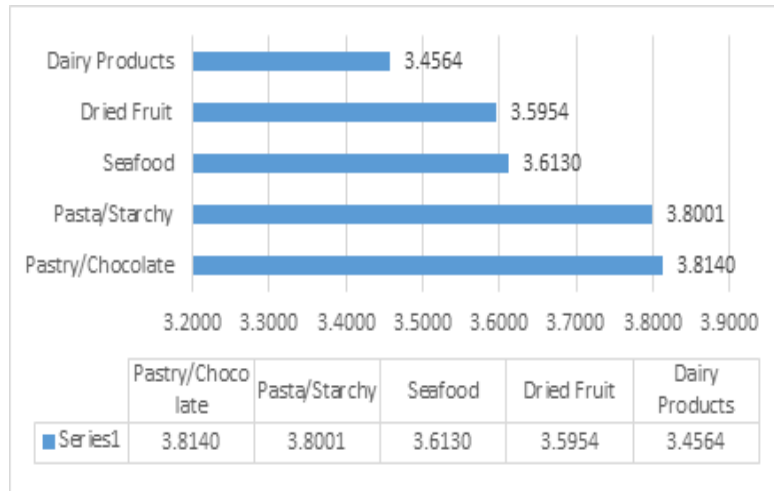


Table 3: Scores of Maturity Model Based on Industry.

Industry	Mean	Average out of 100%	Rank
Pastry/Chocolate	3/814	76/28	1
Pasta/Starchy	3/8001	76/002	2
Seafood	3/613	72/26	3
Dried Fruit	3/5954	71/908	4
Dairy Products	3/4564	69/128	5
Total	3/6625	73/25	-

Figure 3: Scores of Marketing Maturity Model Based on Industry.



In order to specify the level of marketing maturity based on industry the final analysis is done in table 7-5 using this part:

Table 4: Method of Interpreting the Scores of Marketing Maturity Based on Industry.

Levels	Mean	Fields of Activity
predictable and quantitative management	65.0345	Seafood
predictable and quantitative management	62.2154	Dairy Products
predictable and quantitative management	68.4026	Pasta/Starchy
predictable and quantitative management	64.7179	Dried fruit
predictable and quantitative management	68.6528	Pastry/Chocolates
predictable and quantitative management	65.9257	Total

Figure 4: Evaluation of Industries and their Comparison Based on Control and Focus Variables.

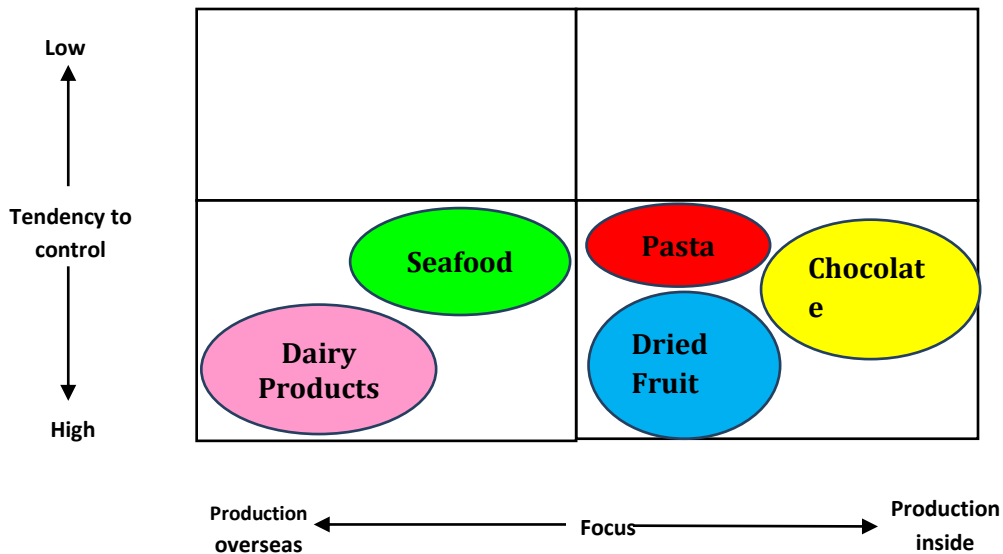


Figure 5: The Comparison Based on Control and Focus Variables and Partitining of Target Market.

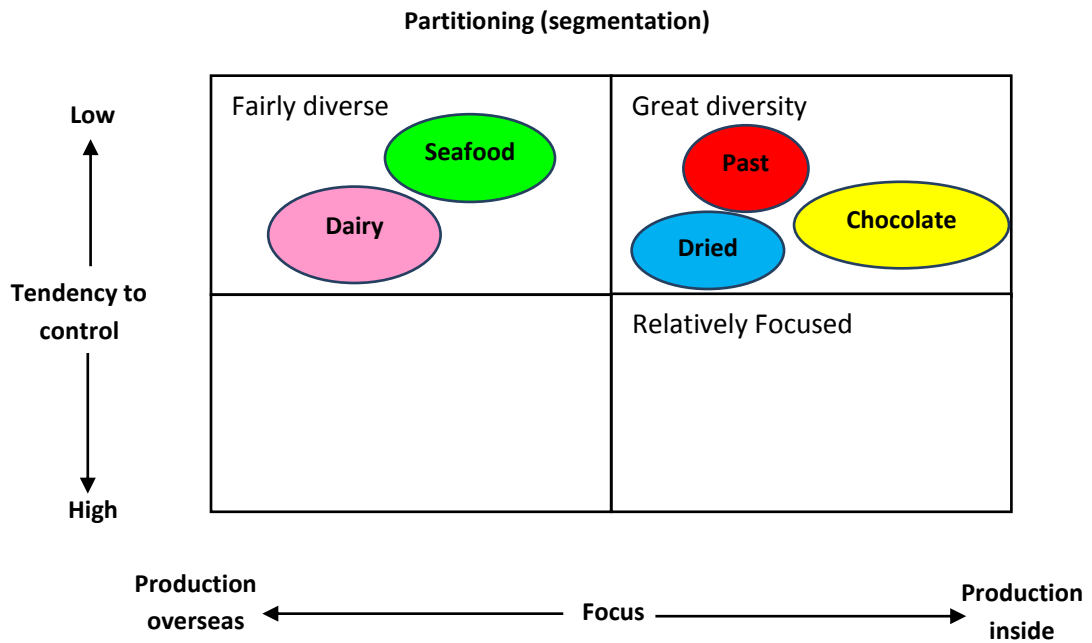


Figure 6: The Comparison Based on Control and Focus Variables and Entering Export Target Market.

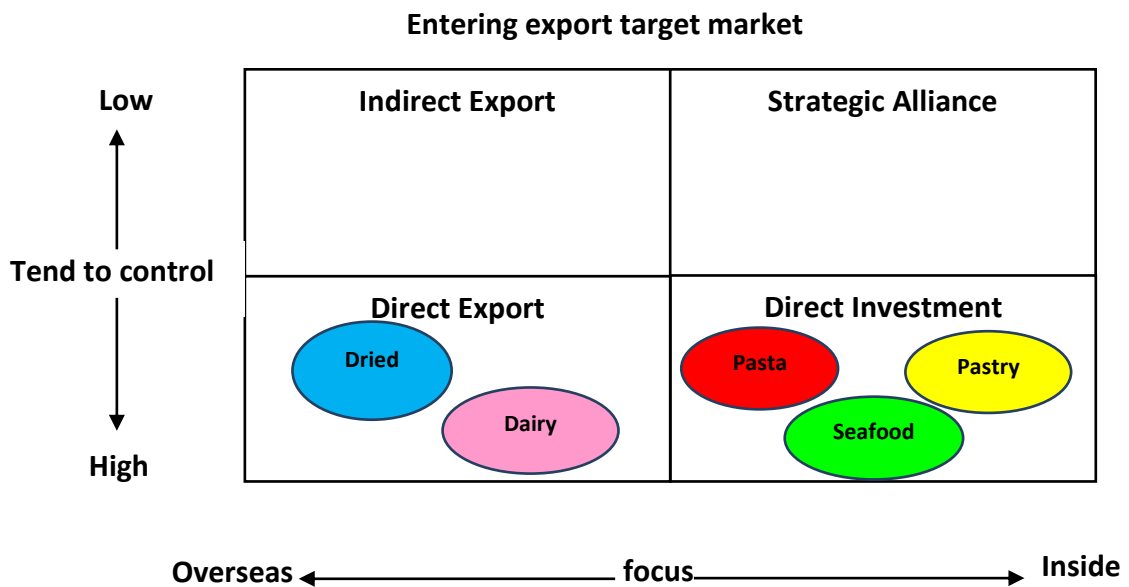


Table 6: The Strategies of Segmentation of Foreign Target Market.

Determinant Factors	Strategies of Diversity	Relatively Diverse Strategies
Risk Taking	High	Somewhat low
Target	Growth through market	Through market penetration
Knowledge of the market	Low	Fairly and H ability segmentation
product	Specialized	Somewhat general
Purchase	Non-repetitive	Fairly repetitive
Life of Product	Introduction/decline	Growth/maturity
Type of Product	Standard	Relative compliance
Market size	Small and specialized	Great and specialized
Market stability	Low	Somewhat high
Number of Market	Great similarity	Relative similarity
Market growth	Low	Average
Market competition	High	Average
Contributing Contributors	share for existing competitors	Distributed among competitors
Cost of Advertising	Low	Fairly great
Distribution fee	Low	Fairly great
Corporate	Chocolate industry Pasta/starchy Dried fruit	Seafood Dairy

Table 7: Determinant Factors for Strategies of Entering Foreign Target Market.

Strategies	Strategies of Flexible Control		Strategies of Complete Control	
	Indirect Export	Strategic Alliance	Direct Export	Direct Investment
Effective Factors	Low	Fairly low	Fairly high	High
Ability of Marketing	Low	Fairly low	Fairly high	High
Technical Knowledge	Low	Average	Average	High
Investment	Low	Fairly low	Fairly high	High
Importance of Ownership	Low	Fairly low	Fairly high	High
Foreign Strategy	None	International	International	Multinational and global
Foreign Experience	Low	Fairly low	Fairly high	High
Studied Corporates	----	----	Dried fruit Dairy	Chocolate industry starchy Seafood

DETERMINATION OF FACTORS AFFECTING PROFITABILITY: AN INVESTIGATION INTO THE INDIAN LIFE INSURANCE INDUSTRY

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The present research aims to identify the key determinants that influence the financial performance of Indian insurers operating in the life insurance space. The empirical study that covers the period from 2007 to 2016 uses data collected on top ten private life insurers (chosen on the basis of average of last three years' premium collection). The performance analysis aims to identify the key factors that have an effect on return on asset, the dependent variable. The application of panel regression gives interesting results. The results show the significant influence of operating ratio, claims ratio and tangibility ratio. While the effect of the first and third ratio is negative, the operating ratio shows a positive effect. The detailed explanation is there in the main text. The other variables like liquidity ratio, size and age have an insignificant effect on the insurers' performance.

Keywords: Insurers, Multi-collinearity, Determinants, Panel Regression, Fixed Effect model.

Insurance is such a form of business that plays an important role at the individual and macro level. The existence of this business dates back to the early civilization of mankind as evident from the writings of Rigveda, Manusmriti, Dharmashastra and Arthashastra. In India, the present form of life insurance came from England in 1818 when Oriental Life Insurance Company took shape in Kolkata. The main objective of this business was to provide insurance services for the European community living in India. The new insurance companies that were established even after that catered to the insurance needs of the British mainly; Indian lives were, however, insured at a higher premium. The year 1870 was a landmark in the history of insurance business when Bombay Mutual Life Insurance became established as the first insurer that covered Indian lives at normal rates. Slowly, as the struggle for independence started to get shape, some insurance companies were also being established to cater to Indians. Bharat Insurance Company was one such company that was set up in 1896 for the cause of Indian freedom. With time, in the twentieth century, large number of companies was set up in the insurance business like United India (in Madras) and National Insurance set up in 1906 (in the then Calcutta). Though, there was a rise in the number of businesses, regulation and dispersion was a problem. Consequently, important regulations like the Life Insurance Companies Act and Provident Fund Act were passed in 1912. With regard to the sector growth, between the initial decades of 1900 to 1938, the insurers quadrupled to 176 and the quantum of business jumped almost 1300%. But, the condition of the industry was

quite fragile with many weak concerns operating business. This environment and concentration of business in certain segments/regions called for nationalization that took place in 1956 leading to the establishment of LIC. After almost forty years, when the financial sector reform was in full swing, the insurance sector also underwent reforms as suggested by the Committee set up under R.N. Malhotra. The deregulation of the industry took place in 2000 after which the industry became vibrant and fast growing. The table shows two important indicators viz. insurance penetration and insurance density.

In the table 2, there is a highlight about the premium collection between 2007 and 2016 which gives clear evidence of LIC's dominance despite the severe competition imposed by the private insurers. In 2007-08, the share of LIC was almost 75% which has come down to around 71% in 2016-17.

The table 3 below clearly shows how rapidly the competition has intensified within the sector as clear from the jump in number of insurers in business.

Statement of the problem

The insurance sector has a very important role to play for

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the overall development of any economy. The government deregulated the industry and allowed entry of private players into the industry after which there has been a fast pace of entry of private insurers. However, a noticeable point is that even till recent years, majority of the players show losses which is definitely a matter of worry. In fact, the scenario is in line with the trend observed by McKinsey (2011) where it reports that the Indian life insurance industry is a market that has low profit earning potential. With regard to the factors contributing to performance, Swiss Re (2008) in its report mentions that the profitability of insurers depends on expenses, nature of risk, management of claims, investment performance, among a few others. With this background, the researchers investigate to identify the key explanatory factors behind the financial performance.

I. Review of Literature

A brief of a reasonably good number of studies is given which will help to identify the research gap and understand the importance of the study. Adams and Buckle (2003) find that the Bermuda-based insurers that have high financial leverage and low liquidity ratio fare better. Adam (1996) observes the relationship between investment earning of life insurance firms in New Zealand and their organizational characteristics. It finds the positive effect on investment earnings due to size, leverage and underwriting risk. Ahmed et al. (2010) identify the importance of financial risk, size and riskiness of firms on the performance of Pakistan-based life insurers. Ahmed et al. (2011) in another research on Pakistan life insurance claims that liquidity is not a significant determinant of profitability. In fact, size and loss ratio are found to significantly affect profitability positively in contrast to the effect of leverage which impacts negatively. Ali et al. (2013) in their analysis of financial performance of twenty-five insurers listed in the Amman stock exchange find the positive impact of financial risk, liquidity ratio, size of firms and competence index. Though, age does not significantly influence financial performance, leverage and company size has a significant influence.

Almajali et al. (2012) in their investigation of the financial performance of Jordanian Insurance Companies for 2002-2007 find the positive impact of leverage, liquidity, size and management competence index. In a study based in Romania, Burca and Batrinca (2014) in their enquiry into the performance of twenty-one insurers find the importance of size, risk retention, financial risk and solvency ratio. Charumathi (2012) scrutinizes key explanatory variables that affect the profitability of

twenty-three Indian life insurers (including LIC) by studying for the period 2008-09 to 2010-11. Chaudhary and Kiran (2011) report that the life insurance industry is expanding tremendously after 2000 in terms of number of offices, agents, new business policies, premium income etc. With regard to effect on firm value, Chen and Wong (2004) find that leverage beyond the optimum level results in higher risk and lower valuation.

Chidambaran et al. (1997) in the study on the performance of United State property-liability insurers finds that the ratio of concentration and share of direct underwriters are key variables affecting financial performance. Curak et al. (2011) look at the determinants of financial performance of Croatian composite insurers for the period 2004-09 and find that company size, underwriting risk, inflation and return on equity have a significant influence on profitability. Dar and Bhat (2015) analyze the performance of Indian insurers based on the CAMEL model.

Goswami (2007) observes that since the engagement of more number of private insurers, the LIC lost 29% market share even though both market size and industry premium are on the rise. Gour and Gupta (2012) look into the solvency ratio of Indian life insurance companies for 2009 to 2011 based on which they find that ICICI Prudential Life, Birla Sun Life, SBI Life, HDFC Standard Life and LIC dominate over the others. The paper also cites that solvency position depends on returns received from the total investible funds and interest rate. Gulati and Jain (2011) analyze the performance of industry participants in the life insurance space on the basis of various indicators. The study indicates that due to the entry of private insurers, the growth of the public sector undertaking faces a rapid downfall despite facing various opportunities and challenges. Jain (2013) in the insurance-based study of India finds that after the 2008 world economic crisis, many life insurance companies go into losses and new companies have been taking less interest in the market. Kaya & Kaya (2015) investigate into the key factors that have an influence on the financial performance of seventeen life insurance companies for the period 2008-2013. The panel regression model shows significant effect of size, current ratio, age, gross premium and leverage ratio on return on assets. Kiker and Banning (2008) in a different nature of study recognize the positively significant linkage between diversification and firm performance.

Kumar et al. (2012) look at the progress in the insurance industry in terms of number of entrants and penetration in the insurance market. Kumari (2013) explores his view on

the financial performance of LIC and the private life insurers. The study identifies the rapid pace of growth since deregulation of the sector in 2000. Malik (2011) adds academic literature in the field of profitability-internal factor relationship of Pakistani insurance companies. The regression analysis on the secondary data of four years from 2005-09 though finds no relationship between profitability and age recognizes the strong positive relationship with size and size of capital. There is, however, a negative impact of loss ratio and leverage.

Mehari and Aemiro (2013) in their study on Ethiopian insurance companies find size, loss ratio, tangibility and leverage to be important determinants of performance, while growth of gross written premiums, age and liquidity are found to have an insignificant impact. Neelaveni (2012) appraise the performance of selected life Indian insurers for 2002-03 by looking at the growth of various plans and policies. The study exposes the competitive pressure being faced by LIC from the private insurers.

Noulas et al. (2001) in their efficiency analysis of Greek non-life insurers during 1991–1996 find the industry to be highly inefficient, with prominent differences between different companies. Rastogi and Sarkar (2006) in their study look into the position of India vis-à-vis other countries. Although the industry sees a fast pace of growth since 2000, the country is still among the least insured ones. Tripathi (2009) in the comparative study between LIC and private insurance companies finds the gigantic size of LIC compared to the private counterparts.

Research Gap

Insurance is a vast area of research. During the review of studies, the researchers find that already there are numerous researches in the area, both in the foreign and Indian context. A specific look at the Indian studies show that there have been investigations made by researchers in areas like distribution channel for marketing insurance products, problems and sectoral challenges, effect of deregulation on insurance sector, progress of LIC, among few others. In the foreign context, studies have been undertaken to assess what factors play an important role in impacting the performance of insurers. However, the studies that focus on this issue is relatively quite less. The present study aims to plug this gap by undertaking a study that intends to find out the main factors which are responsible for the performance of insurers in India.

Objective of the study:

The empirical investigation aims to find out the main variables that form the key in influencing financial performance of life insurers in India.

II. Research Design and Methods

Research design

The research design for the purpose is described below. The research is based on secondary data which is collected from the website of IRDA. The relevant financial and general information about the insurance industry and insurers is collected from the different annual reports of the regulator. The study considers secondary data for the period 2007 to 2016. At present, there are twenty-four life insurers operating in the industry. Of them, there are many which are new and have not completed even ten years of operation. For this study, a selected group of ten insurers are chosen considering average business (premium collection) during the last three years as the criterion.

Research methodology used

The empirical research applies sophisticated statistical tools as given below.

- Descriptive statistics which includes measures like mean, standard deviation, skewness, kurtosis etc. help to know characteristics of the data.
- Testing for multi-collinearity to see the strength of relationship between the explanatory variables.

For this study, the different variables that are taken into consideration for regression analysis are given below:

The test for multi-collinearity is done using the correlation matrix and also the VIF (variance inflation factor) values. The determination of the effect of independent variables on the profitability ratio is done using panel regression model having the following equation.

$$ROA_{it} = \alpha + \beta_1. CR_{it} + \beta_2. OPR_{it} + \beta_3. CLR_{it} + \beta_4. TR_{it} + \beta_5. SZ_{it} + \beta_6. AGE_{it},$$

where, 't' is used to denote time component and 'i' represents the cross-sectional element. In panel data for choosing the appropriate one, the following approach is used.

- (a) Step 1: Compare OLS with Fixed effect (FE) model using Restricted F test. If the p-value is less than 0.05 (assuming α to be 0.05), OLS is rejected and the decision is in favour of the FE model.
- (b) Step 2: Compare OLS with Random effect (RE) model using Breusch Pagan test. If p-value is less than 0.05, OLS is rejected and the decision is in favour of the RE model.
- (c) Step 3: In case, OLS gets rejected in both the above, we apply Hausman test to make a final choice. The rejection of null hypothesis makes the decision go in

favour of FE model, else the RE model is used.

III. Analysis, Discussion & Findings

This chapter gives a detailed discussion and presentation about the results and their interpretation.

Summary statistics

This section of the analysis is important for any research. The descriptive statistics as given below helps to understand the nature of the data.

Correlation matrix

The correlation matrix is given below. If the correlation value is at least 0.70, there is a problem. In the present case, the matrix shows no cases where the correlation exceeds the cut-off point. Hence, there is no problem of multi-collinearity.

The existence of multi-collinearity problem is also checked using VIF values. Since, the VIF value does not exceed five in any case, there is no problem in the data.

Panel data analysis

Since the data for this research is in the form of a panel, panel data regression technique is applied here. In step 1, the F-test is applied to identify whether the pooled OLS or fixed effect model is better. Since the null hypothesis gets rejected (at 1% level), the fixed effect alternative is better. Next in step 2, the application of the Breusch-Pagan test again rejects the null hypothesis. Hence, the random effect model is found better than the pooled OLS model. To arrive at the final model, the Hausman test is applied which shows that the p-value is less than 0.01, thereby rejecting the null hypothesis again at 1% level. The detail of the results at each step is given below.

Result of step 1: Joint significance test

Joint significance of differing group means: $F(9, 84) = 11.3873$ with p-value $1.84817e-011$. The p-value shows that the null hypothesis is rejected.

Result of step 2: Breusch-Pagan test

Breusch-Pagan test statistic: $LM = 19.9813$ with p-value = $\text{prob}(\text{chi-square}(1) > 19.9813) = 7.82038e-006$. Here also, the null hypothesis is rejected.

Concluding test: Hausman test

Hausman test statistic: $H = 120.83$ with p-value = $\text{prob}(\text{chi-square}(6) > 120.83) = 1.09093e-023$. Since the Hausman test suggests the fixed effect model as the correct fit, it is applied whose results are given below. The model also fits logically because we assume that

there are factors within individual entities (here insurers) which can have an impact on the predictor or outcome variables (i.e. financial performance). Thus, by applying the model, we remove the effect of the time-invariant characteristics in order to get a better result about the effect of different predictor variables.

The results of fixed effect model show that the regression equation is a good fit with R-squared value exceeding 80%. Moreover, the effect of different variables shows that of the six variables, three variables have a significant impact on the return on asset (dependent variable in this case). It is seen that operating expense ratio, claims ratio and tangibility ratio have a significant impact on ROA. The effect of the last two variables is, however, negative which is in line with expectations. But, the sign of operating expense goes against expected lines and therefore needs further investigation. The effect of the remaining three variables viz. current ratio, size and age is found to be insignificant but the signs are in expected lines. Hence, they are of interest for this investigation.

IV. Conclusion

The present study looks at the Indian life insurance industry. The quantitative analysis looks at the position of the industry and investigates the factors that affect the financial performance of players significantly. The introductory sections of the study mention the rapid pace of growth at the industry level. It was during the early 1990s that the insurance industry started to gain pace in reforms. The first major reform took place in 1956 that led to the nationalization of the sector. Subsequently, with the financial sector reforms, the sector got deregulated in 1999 and 2000 onwards, the industry has experienced a rise in the number of private players. From one player till 1999, the number increased gradually and presently stands at twenty-four, each of whom has been craving for an extra bit of the total market share.

The competitive pressure and the question of survival is evident as a substantial number of players were in the red with losses over the years. The reasons are obvious; firstly, the industry has a cooling period of around seven to eight years and secondly, the sudden growth in number of private players gave a jolt to all participants which entered the industry hoping to rule in the untapped market. Furthermore, even after few years of operation, data shows that the earnings were still low or even in the negative. That is the point which hit us as researchers. During the course of our study, we came across only one literature by Charumathi (2012) that investigates the key and significant explanatory variables of profitability

among Indian insurers. But the data is only for three years starting from 2008-09 and the findings are based on ordinary least square method in spite of the data being panel data. Hence, the present study is taken up with data for a longer period and with advanced methodology to arrive at more robust results. The application of fixed effect model on the panel data shows interesting findings. It is seen that claims ratio and tangibility ratio impact financial position of firms (measured using return on assets) negatively. Hence, higher is the claims and more is the fixed asset composition in the total asset, there is a negative impact on profitability. However, surprisingly, for operating expense ratio, the sign is positive and that too is significant at 1%. The only explanation that comes to our mind is the possibility that the returns from paying commissions for new policies or renewal is far more than the marginal commission that is paid. In other words, the return obtained from a new policy is more than the cost incurred in the form of commission paid. However, it is an area that needs to be looked at with thorough investigation so that the result can be again verified. Hence, this is an interesting study that creates scope for further research.

Limitations of the study

Though the work is an interesting one, the study still suffers from a few limitations.

1. The effect on results due by the inclusion of LIC in the panel needs to be seen. In this study, it is deliberately excluded since it acts as the outlier for all variables that are considered.
2. The sample can be extended beyond ten to have a more diversified sample. But, the ten insurers taken for the study are representative of the private sector as they together occupy majority of share in the private insurance space.

Scope for further research

No research brings an end in an area of research. Instead, it gives the direction for future research. The investigation in this area can be worked upon by adding more number of appropriate variables, by considering new measures of performance in addition to having a larger sample size over a wider time period. Moreover, an inter-period comparison can be carried out to find out whether time has affected the growth in performance measures. Also, it is noted that there are several areas for research in this field of insurance that can add new flavor and dimension to research.

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Table 1: Progress of Life Insurance in India

Year	2007	2009	2011	2013	2015	2016
Insurance penetration	40.4	47.7	49.0	41.0	43.2	46.5
Insurance density	4.00	4.60	3.40	3.10	2.72	2.72

Source: IRDA Annual Reports

Table 2: Life Insurance Premium Collection.

Year	LIC (Rs. cr.)	Private sector (Rs. cr.)
2007-08	149789 (74.39)	51561 (25.61)
2008-09	157288 (70.92)	64497 (29.08)
2009-10	186077 (70.10)	79373 (29.90)
2010-11	203473 (69.77)	88165 (30.23)
2011-12	202889 (70.67)	84182 (29.33)
2012-13	208803 (72.70)	78398 (27.30)
2013-14	236942 (75.39)	77340 (24.61)
2014-15	293667 (76.85)	88434 (23.15)
2015-16	266444 (72.61)	100499 (27.39)
2016-17	300487 (71.81)	117989 (28.19)

Source: IRDA Annual Reports.

Figures in the parentheses denote market share.

Table 3: Number of Life Insurers.

Sector	2007-08	2009-10	2011-12	2013-14	2015-16	2016-17
Public	1	1	1	1	1	1
Private	20	22	23	23	23	23
Total	21	23	24	24	24	24

Source: IRDA Annual Reports

Table 4: Variables considered for the study.

S.N.	Category of Variable	Name of the variable	Denoted by	Measure
1.	Dependent Variable	Return on Assets	ROA	(Return / Total Assets) * 100
2.		Current ratio	CR	Current Asset /

				Current Liabilities
3.	Independent variable	Operating expenses ratio	OPR	(Operating Expenses + Commission Paid) / Total Revenue * 100
4.		Claim ratio	CLR	(Total Value of Claim Paid / Total Revenue) * 100
5.		Tangibility Ratio	TR	(Fixed Assets / Total Assets) * 100
6.		Size	SZ	Natural log of total assets
7.		Age	AGE	Number of years in business

Source: Formulated by researcher

Table 5: Summary Statistics.

Variable	Mean	Median	Minimum	Maximum
ROA	-0.7912	0.0041	-44.8374	0.7817
CR	1.1775	0.8751	0.3676	6.9397
OPR	26.8522	20.7788	7.6823	173.8785
CLR	191.2550	50.9359	0.5079	13787.9
TR	0.0064	0.0047	0.0002	0.0655
SZ	14.1432	14.2901	10.6716	18.4457
AGE	10.5000	10.5000	2.0000	16.0000
Variable	Std. Dev.	C.V.	Skewness	Kurtosis
ROA	4.7942	6.0590	-8.1733	70.5651
CR	0.9867	0.8379	3.6514	15.5968
OPR	22.0717	0.8219	3.5166	18.4545
CLR	1374.1825	7.1850	9.8323	94.7879
TR	0.0082	1.2720	4.7112	28.0115
SZ	1.4123	0.0998	-0.3523	0.2277
AGE	3.3105	0.3152	-0.1846	-0.6439

Source: Computed by the researchers

Table 6: Correlation Matrix.

		CR	OPR	CLR	TR	SZ
CR	Pearson Correlation	1	-.164	-.075	-.024	-.287**
	Sig. (2-tailed)		.103	.457	.810	.004
OPR	Pearson Correlation	-.164	1	.142	.573**	-.507**
	Sig. (2-tailed)	.103		.160	.000	.000
CLR	Pearson Correlation	-.075	.142	1	-.086	.031
	Sig. (2-tailed)	.457	.160		.396	.763
TR	Pearson Correlation	-.024	.573**	-.086	1	-.444**
	Sig. (2-tailed)	.810	.000	.396		.000
SZ	Pearson Correlation	-.287**	-.507**	.031	-.444**	1
	Sig. (2-tailed)	.004	.000	.763	.000	

Source: Computed by the researchers
 ** Correlation is significant at the 0.01 level (2-tailed).

Table 7: VIF values for independent variables.

Independent variables	Collinearity Statistics	
	Tolerance	VIF (1/Tolerance)
CR	.665	1.504
OPR	.484	2.068
CLR	.928	1.077
TR	.588	1.701
SZ	.382	2.615
AGE	.386	2.594

Source: Computed by the researchers

Table 8: Regression results using Fixed-effect model HAC consistent measure.

Variable	Coefficient	Std. Error	t-ratio
Const	-2.629	7.060	-0.372
CR	-0.064	0.159	-0.404
OPR	0.196	0.034	5.714***
CLR	-0.0004	9.01134e-05	-4.733***
TR	-684.468	99.334	-6.890***
SZ	0.047	0.542	0.087
AGE	0.045	0.128	0.353
Mean dependent var	-0.791	S.D. dependent var	4.794
Sum squared resid	411.751	S.E. of regression	2.214
R-squared	0.819	Adjusted R-squared	0.786
F(15, 84)	25.347	P-value(F)	6.12e-25
Log-likelihood	-212.656	Akaike criterion	457.312
Schwarz criterion	498.995	Hannan-Quinn	474.182
Rho	0.238	Durbin-Watson	1.153

Source: Calculated by the researchers
 HAC: Heteroscedasticity and autocorrelation consistent
 *** significant at 1% level Dependent variable: ROA

HUMAN CAPITAL DEVELOPMENT- LESSONS FOR INDIA FROM NORWAY

Rashmi Batra*

World Economic Forum's report highlights that Norway has performed substantially well in terms of its human capital development, while India continues to struggle in improving quality of its human resources. The aim of this research is to identify the areas where India is lacking and lessons it can learn from its European counterpart Norway to improve its ranking in Global Human Capital Index. The crucial aspects of human development; education, employment and skill development of India and Norway were compared to identify path India can opt in next five years so that abundant human base of India is a resource and not a challenge. The findings are based on various research papers and journals, reports of organisations like World Bank, OECD report, Government of India data etc. The secondary data was used to compare both the countries and identify possible reasons for India lacking in human capital development. Statistical tools like NVivo also used.

Keywords: Norway, India, Human Capital, Education. Employment, Skill Development.

Humans have been considered consumers for the longest time, but lately the notion is changing. We are moving towards an economy where humans are actually a resource. Investment made for improving productivity of humans is equivalent to any other capital investment. Before analysing the policies of India in regard to formation and improvement of human capital, there is need to understand where the nation stands in comparison to other nations. The analysis is based on the report of Geneva based World Economic Forum as it serves as an objective measure of understanding Human Capital. It measures the human capital quality across four thematic dimensions and five distinct age groups (0–14 years; 15–24 years; 25–54 years; 55–64 years; and 65 years and over) to capture the full human capital potential profile of a country. The aim of the study has been to serve as a tool to assess progress within countries and point to opportunities for cross-country learning and exchange.^[16] Since human capital is critical for the growth and development of society, understanding its current state and capacity is valuable. The results of the WEF report can support governments, businesses, education providers and civil society institutions in identifying key areas for focus and investment, therefore there is a need to understand the methodology of ranking of this report.

First, the Global Human Capital Index regards relevant skills as a dynamic and, not as inherent talent that is static in nature. If the investment in human capital starts at an early stage of life, and it is continuously evolved it will not only produce greater returns but will be an asset of non-depreciable nature. Formal education enhances a person's understanding which when coupled with skills

acquired and applied through work experience determines the development of human capital. Therefore, maximizing opportunity for all entails lifelong access to acquiring education and skills and an opportunity for working-age group to deploy and develop skills through their job.

Second, the report also highlights that most countries especially the ones in developing stage have been focusing on “cheap labour” i.e. the focus has been on deployment of current human capital alone. This myopic approach would not be successful in long run. The report's understanding of human capital offers the policy framers a useful insight whereby only way of optimizing human capital is through “building up deep, diverse and resilient talent pools and skills ecosystems in their economies that allow for inclusive participation in good quality, skilled jobs by the largest possible number of people”.^[10]

The report is based on four key sub-indexes, namely – Capacity, Development, Deployment, Know-How.^[16] Capacity deals with formal education is necessary for adapting to new technologies, innovation and competing on global level. This dimension takes into account literacy and numeracy, primary education attainment rate, secondary education attainment rate, tertiary education attainment rate spread across different age groups. Deployment refers to share of population that is engaged in workforce. This takes into account participation of

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different groups such as youth, old, women etc. According to the report, all those interested to work should have the opportunity of being employed. Labour force participation rate, employment gender gap, unemployment rate underemployment rate are four indicators under this sub index.

Development is concerned with formal education of the next-generation workforce and continued upskilling and reskilling of the current workforce. As young adults with completed secondary education face a choice between tertiary studies, acquiring further specialized vocational skills or entering the labour market, the Index includes a measure of enrolment in vocational training programmes, without making a value judgement between these three options in terms of index scoring. The Index includes an assessment of the skill diversity of a country's recent graduates as a proxy for the range of expertise available to a country. Indicators include- Primary education enrolment rate, quality of primary schools, secondary education enrolment rate, secondary enrolment gender gap vocational education enrolment rate, tertiary education enrolment rate skill diversity of graduates, quality of education system, extent of staff training. Know how -a measure of possession of sophisticated skills by the workforce of the country is. It includes measure of high-skilled employment share, medium-skilled employment share, economic complexity, availability of skilled employees.

In total, the Index covers 21 unique indicators, out of which eight have been fully disaggregated by generation, resulting in 44 distinct data points. Values for each of the indicators comes from publicly available data originally compiled by international organizations such as the International Labour Organization (ILO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO). In addition to hard data, the Index uses qualitative survey data from the World Economic Forum's Executive Opinion Survey. ^[16] Thus, the report is sophisticated one and there is no need to analyse the technicalities of the indicators.

The Global Human Capital Index highlights that Norway is best in the world at developing human resource capital while India has been ranked 103 out of total 130 countries. A country like India has abundant population with high potential to be a source of capital for the nation but the ranking shows that India has not achieved much in this regard. The objective of this research is to identify the factors which have made it possible for Norway to reach at top and reasons for India still struggling in the field of human capital. Comparison of Norway and India

based on Global Human Capital Index 2017 shown in table-01 and table-02.

I. Review of Literature

The research is exploratory in nature. An extensive analysis of the existing literature has been done. Online sources like JSTOR, Google scholar, SAGE, Springer etc. have been a useful source for well researched papers on 'Human Capital'. Besides reports of World Economic Forum, OECD, World Bank and various websites of Government of India have been explored to analyse the development of Human Capital in Norway and India. Education, employment and skill development has been the main basis of the research.

II. Research Design and Methods

Existing literature on Human Capital Development of India and Norway was reviewed. Data and figures of various reports such as Global Human Capital report, OECD report, census 2011 were studied and included. India and Norway's human capital were compared on basis of education, employ Qualitative Data Analysis (QDA) software NVivo 11 by QSR international has been used for preliminary data analysis. NVivo as a software package has been useful to have a bird eye view of existing literature. This software helped to prepare word frequency chart and word cloud.

The chart shows the words that have most frequently repeated. Query was run for 50 most frequently occurring five letter words. Grouping of words was done and 'generalized' word frequency was obtained. The table shows the word, its length, number of times it appeared and percentage of frequency. Word map is the pictorial representation of same. Results have been showcased in diagram-01 and table-03.

III. Analysis, Discussion & Findings

Most crucial aspects of Human Capital Development are education, employment and skill development. Comparative analysis of India and Norway are done on these three grounds.

Comparing Education System of India and Norway.

In India education is responsibility of Ministry of Human Resource Development. The purview of policy is from preschool to higher education, faculty training, long distance learning. It aims at overcoming major impediments like access, quality, equity, system

efficiency, governance, research and financial commitment. India's education is influenced by 'western' pedagogy yet it has maintained its uniqueness of culturally routed education system. India's ambition to achieve best of both worlds resulted in the nation getting caught in betwixt.

Our first education minister post-Independence recommended a centralized government-controlled education system to ensure uniformity. A policy of this kind will work in favour of nation like Norway but in India we need to address regional diversity. India's constitution recognized education as a fundamental right in 2010 but so far, there has been only limited progress. There are colossal challenges to overcome before the nation can achieve higher literacy rate and all citizens have equal access to education.

There is dire need for open schools for working students, policies for education of migrants, multilingual education for tribal students, education for disabled. Infrastructure remains a challenge. Introduction of Information technology in education has been an ambitious plan but it has so far been a utopian scheme.

In 3 out of 4 schools there is one teacher for several classes in a single classroom. New policy changes like Continuous and Comprehensive Evaluation, Teacher Eligibility Test (TET) and Four Year Undergraduate Programme aimed high at promoting quality education but the application of the schemes have been below satisfaction.

Government schools lack infrastructure, trained faculty, basic funding etc and private schools are unaffordable for the masses. We need serious investment by government and non-government in education for higher literacy rate, reduced gender gap in education, more innovation and research for building a stronger human capital base. State of India's education as reflected from Indian Census 2011 is depicted in table-04. Responsibility of governance of education system is shared between the central government and local authorities in Norway. Norway's central government sets the goals and framework, while municipalities run primary and lower secondary schools and counties run upper secondary schools. In India education is part of concurrent list of constitution i.e. both centre and state can legislate. Norway has generous funding at all levels of the education system. Public education is free, Expenditure on education institutions as a percentage of GDP (for all educational levels combined) is significantly high. India has contributed only 4.5% of its GDP towards education. Norway has

carried out multiple efforts in ECEC (Early Childhood Education and Care), such as providing the legal right for all children to a place in ECEC from age 1 (2009), similarly Education is a fundamental right as per our constitution of India since 2010. Norwegian government is consistent with efforts in regard of improving the quality of teachers, notably through the GNIST initiative. A yearly teacher recruitment campaign is an important component. Also, the National Guidelines for Differentiated Primary and Lower Secondary Teacher Education Programmes for Years 1 to 7 and Years 5 to 10 has supported the new education reform. Norway's Education system has been particular about assessing the performance of its school on regular basis, this is done through National Quality Assessment System. Furthermore, Assessment for Learning which aims at improve formative assessment at the school level has also shown significant results. The New Possibilities-NY GIV initiative (2010-13) ensured motivation to lower performing students. The five-year action plan (2012-17) developed by 30 key Norwegian education policy makers aims at raising performance of lower secondary education through improving student outcomes in literacy and numeracy; and improving teachers' classroom practices.

Norway's education system has performed better because it can afford to commit higher portion of GDP towards education. Also, the challenge of large population with diversity in backgrounds make it difficult for India to compete with Norway. Data on Norway's education based on OECD report is included in table-05

Comparing Employment Scenarios of Norway and India

Along with most of the Europe, Norway's population will be aging bringing to the forefront the issue of 'worsening demographics'. Old age dependency ratio is expected to be 62.2% in 2050 which means a higher economic burden on the working age group (20-64 years). The productivity of country will naturally slow down if the number of dependants surpass the number of providers. Immigration policy of Norway may bring new members to the working class but this scheme would not be enough to sustain economic growth. Therefore, OECD policy recommendations on 'ageing and employment' were accepted by Norway to include older age citizens in the working class. Three broad areas of reforms include – strengthening incentives to carry on working, tackling employment barriers on the side of employers, improving the employability of older workers.

Even though Norway stresses on delaying retirement of its employees by encouraging old citizens to work, it still

needs retirement scheme as number of employees that would retire (sooner or later) are increasing. Up till 2011 retirement in Norway was government funded but in 2011 Norway levelled up and introduced AFP- a private sector pension system. Before AFP retirement benefit was calculated on the basis of employment earning (means tested) which provided no incentive for employees to delay retirement but post introduction of AFP the pension benefit increased on delaying retirement. This means older class included in working class. Thus, Norway's pension plan is universal and flexible. In India's private sector employees contribute 12% of their basic pay to EPF. Similarly, employers contribute 12%. Employee is eligible for pension if they serve for minimum 10 years. After 50 years of age employees can receive their pension but there would be a deduction of 4% for every year that falls short of 58 years. Also, there is an incentive to delay retirement as there is extra benefit of 4% for every year deferred up to 60 years. India is also encouraging delay in retirement but it has not included 'very old' in its working age group. The unemployment rate of India (4.9%) is not significantly higher than Norway (4.7%) in percentage terms but in absolute terms the difference is humongous.

Digitization boom can be beneficial in reducing employment of emerging economics like India. In development countries as digitization increases, their productivity improves; some jobs get replaced by technology; and lower-value added, labour-intensive tasks go overseas to emerging markets where labour is cheaper. India can boost its employment by digitization. A 10-point increase in the digitization score leading to a 1.02 percent drop in the unemployment rate. For densely populated country like India job created in absolute terms are very high.

Comparing Skill Development in India and Norway

According to the report of Human Capital Index, India is ranked 79 in 'Know how' which is a sub-index concerned with skills. Norway on the other hand stands on 6th position for this sub index.

Norway achieved significant and inclusive growth yet in non-oil sectors it experienced sluggish growth due to under-utilisation of skills. In 2013 OECD report stressed upon skill enhancement in Norway. Government's efforts were necessary for long term development of skills. Norway had to diversify its economy into non-oil sectors which was possible only through right mix of skills and more importantly the judicious use of these skills. Catering to skill development of youth alone was not enough there is need for skill development in low skilled adults so that their participation boosts the economic

growth further. Norway stressed on education being more closely related to working life. This will lead to more innovation and employers will have employees more relevant skills. This requires close cooperation between schools and businesses. Norway also provides career guidance so that the students make an informed decision. Most effective strategy of Norway has been to introduce tax deduction for employers providing training to their employees. This will involve the private sector in skill development. Apprenticeship programmes act as a bridge between student life and working life. In Norway post compulsory education students can attend a three-year upper secondary education. The VET apprenticeship system is well developed and enjoys high confidence among stakeholders. Post VET the trainee gets a trade or journeyman's certificate. 2+2 model which involves two years at schooling, followed by two years of formalised apprenticeship training and productive work in an enterprise or public institution is most popular. Responsibility of VET education lies with Ministry of Education and Research. The priority of VET education is to provide a large portion of the training in a company.

62% of India's population is in working age group (15-59 years) and is expected to bulge across the same group over next decade. In next 20 years the labour force in the industrialized world is expected to decline by 4% while in India it will increase by 32%. To reap this demographic dividend, India needs to develop its workforce with requisite skills and knowledge so that they can contribute to the growth of the economy. In India there is not only scarcity of trained workforce but also educated youth (with skill or no skill) find it difficult to find job. Presently only 4.69% of total workforce is trained. Another challenge is that 93% of workforce is in unorganised sector which makes it difficult to estimate current level skills and future requirement. In 2014 Ministry for skill development and entrepreneurship was set up (supersedes National Skill Development Policy 2009), which aims at inculcating in workforce the requisite skills. This is in sync with skill India agenda. Quantitative boost of skills is not enough, quality of skills is equally important, therefore the policy also identifies the overall institutional framework which will act as a catalyst for achievement of objectives at determined speed, standard and sustainability. Over the course of next five years Government of India aims to integrate vocational training with formal education. Dedicated schemes like Prime Minister's skill development fellow, National Skills Award, National skills day etc. are step forward towards skill development. Skill India programme was launched on July 15th 2015 (World Youth Skills day) aiming to train 402 million people by

2022. This plan is too ambitious; India has so far failed to achieve its annual targets. Data on Skill targets and Achievements across Ministries has been included in diagram-02.

There are numerous shortcomings in India's vocational education and training systems, including: absence of nation-wide Vocational Education and Training standards, lack of an integrated on-site apprenticeship training, inadequate industry interface, insufficient financing of the Vocational Education and Training system, scarce training capacity, poor quality outcomes, and shortage of qualified trainers. India will be able to be "skill capital of the world" by 2040 if there are consistent efforts. One of its key recommendations is implementation of "Reimbursable Industry Contribution" – 2% of industry's annual wage bill be collected to create the corpus for a National Skill Development Fund. Small, medium, large public and private enterprises employing 10 or more workers contribute to promote in-firm training as per industry's own requirement. The employers manage this fund through Sector Skill Councils, with their costs reimbursed depending on their annual training plans and performance.^[7] Government can offer tax rebates to private companies if they actively contribute to apprenticeship programs. This will not only save funds of government but also bring in expertise of private sector. Industries are better aware of the needs of market and will be able to train employees better.

IV. Conclusion

India's education system has failed to adapt to modern needs. Focus has been on theoretical aspects than on practicality of subjects. Norway's education is designed to fulfil the needs of job. India's ambitious plans like CCE, FYUP were thoughtful but lacked proper planning and implementation. Norway has separate authorities responsible for planning and implementation this allows for higher quality maintenance. Only Right to Education as a legal right is not enough unless its accessible across all social and economic groups. India can learn policy implementation and follow up from Norway. Unemployment rate is not widely different for Norway and India but in absolute terms the difference is large. In decades to come Norway and India will face different challenges. Population of Norway will be ageing and therefore it is rightly encouraging delayed retirement for its employees. India on the other hand will have 62% population in age group of 15-59 years. Skill development should be priority of India. Public-private partnership in apprenticeship program can provide much needed boost to skill development. Advantage that

Norway possesses over India is limited population, high national income and homogeneous population. India can surely not replicate Norway's policies but it can definitely learn and adapt according to domestic needs. Current efforts of Digital India, Skill India, make in India etc reflects that India is on right tract. It only requires consistent efforts, following up on these policies and support from the private sector. Human base can be a source of absolute advantage. It will not only boost domestic production but exports of India can also develop in service sector.

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Table 1: Comparing India and Norway.

India	Norway
RANK: 103	RANK: 01
SCORE: 55.29	SCORE: 77.12

Source: Global Human Capital Index Report 2017

	INDIA	NORWAY
Capacity	SCORE: 54.5 RANK: 101	SCORE: 80.5 RANK: 13
Deployment	SCORE: 52.7 RANK: 118	SCORE: 73.2 RANK: 24
Development	SCORE: 63.7 RANK: 65	SCORE: 82.6 RANK: 06
Know How	SCORE: 50.3 RANK: 79	SCORE: 72.2 RANK: 06

Table 2: Comparing India and Norway.

	INDIA	NORWAY
Total population (1,000s)	1,324,171	5255
GDP per capita (US\$, PPP)	6093	63811
Mean years of education (years)	5.8	12
Median age of population (years)	26.7	39.2
Healthy life expectancy (years)	59.6	72.0
Working age population (1,000s)	873909	3446
Labour force participation rate (%)	52.5	64.5
Unemployment rate (%)	4.9	4.7
Youth not in employment, education or training rate (%)	27.5	5.0
Output per worker (US\$, PPP)	15,652	125,862
Public spending on education (% of GDP)	3.8	7.4
Public spending on social security, working age (% of GDP)	0.8	-----
Public spending on social security, retired (% of GDP)	0.2	7.4
Pension scheme coverage share (% of working age pop)	7.4	75.7

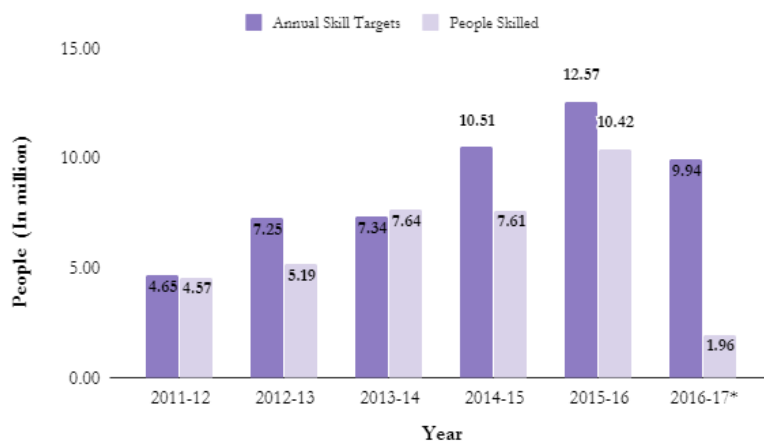
Source: Global Human Capital Index Report 2017

Table 5: Norway's Education According to OECD Report.

	Maximum value	Average	Norway	Minimum value
15-year-old students performing above Level 2 in mathematics (PISA 2012)	118.02	100.00	100.91	58.82
16-65-year-olds' performance in numeracy (Survey of Adult Skills)	107.29	100.00	102.90	91.87
25-34-year-olds that have attained at least upper secondary education (EAG 2014)	119.08	100.00	99.52	55.50
Ratio of lower secondary teachers' salaries to earnings for full-time, full-year adult workers, 25-64-year-olds (EAG 2014)	154.86	100.00	81.20	48.45
Classrooms' conduciveness to learning: Most students can work well (PISA 2012)	109.48	100.00	101.27	85.43
Principals engaging teachers in a culture of improvement (PISA 2012)	126.56	100.00	105.14	49.45
Assessments used to improve aspects of instruction or curriculum (PISA 2012)	123.88	100.00	91.99	61.57
Decisions taken at local and school level (EAG 2012)	167.21	100.00	132.71	23.22
Expenditure on educational institutions, all levels as % of GDP (EAG 2014)	130.69	100.00	122.07	69.52

Figure 2.

Skill Targets And Achievements Across Ministries



Source: National Skill Development Agency; Annual Report 2016-17. Note: *Figures up to December 2016; Achievement data for various ministries is not available for 2016-1

A Book Review On “Managing Alliance Portfolios and Networks”

Author: T. K. Das, City University of New York

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Komal Khatter*

Managing Alliance Portfolio and Networks is a fresh insight in the strategic alliance literature. The book provides a number of features which are in good interest of academicians, researchers and practitioners in the field of alliances. New frameworks, models and relevant practical situations for strategic alliance management are included in the book. The book provides a comprehensive study on all the phases of strategic alliance management. Managing Alliance Portfolio and Networks contains contributions by leading scholars in the field of strategic alliance research. It is a volume in the book series ‘Research in Strategic Alliances’ that focuses on providing a robust and comprehensive forum for new scholarship in the field of strategic alliances.

In the current scenario of Networked Economy, it’s vital for the organizations to develop partnerships for the company’s survival and long term growth. But still most companies are seen to be struggling with the conceptual and implementation phases of alliance. So a lot of companies need consultancy for their design and management of strategic alliances by focusing on optimizing every alliance individually.

Alliance managers who are in the process of alliance design or execution of alliances can see to this book as a reference source. Practitioners should follow the approach of network and portfolios as they are involved with several alliances. Looking at each alliance individually leads to achieving the alliance

specific objectives and allocating resources on the basis of strategic relevance of each and every partner. As companies, these days are involved with more than one strategic alliance, it’s difficult to share information and manage knowledge across these alliances. And also, alliances of the same company compete with other alliances for the limited resources. Thus, in today’s scenario it is important for the organizations to manage strategic alliances as a portfolio and to understand how one alliance affects other alliances and the organization itself. This approach of alliance portfolio management is built upon the existing literature and practice and reflects the trends of current corporate scenario of network companies with both partners and rivals at the same time, partnering in an uncertain and dynamic corporate world. When alliances are managed as portfolios or networks then information and knowledge is shared and that minimizes the friction in the synergistic effects.

The book is a collection of select papers from prominent scholars and researchers in the area of strategic alliances. It consists of nine comprehensive chapters, dealing with significant issues relating to the management of alliance portfolios and alliance networks. First chapter focuses on the relevance of value creation in an alliance ecosystem from marketing perspective. Second paper focuses on how to manage the portfolio of alliances for social enterprises. The book is a combination of various inter disciplinary frameworks in the emerging areas of alliance

management. This is especially highlighted in the third chapter which deals with the initial phase of alliances; in the configurational perspective of alliance capability.

Strategic alliances have been significantly by large number of companies as a very competitive strategy; these dynamics of competition for managing alliance networks are mentioned in the fourth chapter. Chapter five and nine stress upon the adoption of alliance as a growth strategy by SMEs; that how in today's corporate scenario, even the SMEs are going international with the help of alliances. Alliance networks, work as growth drivers for such SMEs, and the alliance portfolio management for SMEs is discussed in these chapters. Chapter six of the book throws light on the elements of structure and process related variables in the alliance management. Chapter five and six can be of great use for the practioners in SMEs and those in playing multi market competition. Chapter seven provides a case study in telecom

industry. Chapter eight list out the requirements of alliance portfolio management when strategic alliances are adopted as a growth strategy.

The book puts a lot of emphasis on comprehensive empirical models from different perspectives like business, industrial, government, non-profit sectors with the existence of strategic alliances. The book is a practical guide to implement the theory into actual alliance management. Book provides a deep insight into developing thorough and effective alliance portfolio management and contains both empirical and conceptual literature providing a wide overview on managing alliance portfolio and alliance network management.

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