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## From the Editor's Desk

- “Happiness is when what you think,  
What you say and what you do are in harmony” - Mahatma Gandhi
- “Never Worry about numbers. Help one person at a time,  
and always start with the person nearest you” - Mother Teresa
- “That some achieve great Success, is proof to all that others  
Can achieve it as well” - Abraham Lincoln
- “Truth is the only safe ground  
to stand on” - Elizabeth Cady Stanton
- “Coming together is a beginning. Keeping together is progress  
Working together is success” - Henry Ford
- “You grow more when you get more people's perspectives” - Mark Zuckerbery, the co-founder of Facebook

Learning is both art and science. One can become learned on the successful quest for knowledge and relating the knowledge to practice. It is important to learn how to learn rather stuffing one's head full of all facts and figures that might be outdated. No doubt that certain amount of facts is necessary, but having the skills and ability to appropriately learn is also equally critical. DBJC would be happy to see this journal as a common platform for appropriate learning. One of the key objectives of research is its usability and application. This journal attempts to be worthy of these objectives by documenting and sparking a debate on research studies that focused on various functions of management in context of different verticals. The present issue throws a light on research papers on Road Transport Investment performance, Interpersonal Relationship, Motivation, Consumers Preference of Mobile Phones, Mergers in Banking Industry, Employee Competency, Human Resources Management Branding, Self Help Groups and Training.

DBJC Journal of Business Research (Jainspire) is committed to expanding research frontiers and it encourages submission of high quality manuscripts with innovative ideas. Expanding its horizon will further enhance the quality and the journal will continue to provide an outlet for established and rising scholars to publish innovative research papers.

Best Wishes and Season's Greetings

**Dr. M. Sakthivel Murugan**  
**Editor**  
**DBJC Journal of Business Research**

# ROAD TRANSPORT AND POLLUTION AFFECTING THE HEALTH

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### ABSTRACT:

The rapid urbanization in India has also resulted in a tremendous increase in the number of motor vehicles. Automotive industry has universally emerged as an important driver of the economy. Automobile dependency has many impacts on the society and the economy. It increases mobility and convenience to motorists and also generates revenue to the Government. As the number of vehicles continues to grow and the consequent congestion also aggravates, vehicles are now becoming the main source of air pollution in urban India. However, this quick growth has also brought with it the unavoidable problems of urbanization – and as people go about their lives at high speeds, air quality in general and emissions from vehicles in particular has become an issue of primary concern. The health related problems such as respiratory diseases, asthma, cough and cold, risk of developing cancers and other serious ailments etc. due to poor air quality are known and well documented.

The poor are often the most affected segment of the population as they do not have adequate measures to protect themselves from air pollution. Since poor ambient air quality is largely an urban problem, this will directly affect millions of the dwellers in the cities. Mobile sources, particularly motor vehicles, are a major cause of air pollution. While motor vehicles have increased mobility and flexibility for millions of people, created jobs, and enhanced many aspects of the quality of life, the benefits have been offset by air pollution generated by the motor vehicles. Motor vehicles emit carbon monoxide (CO), hydrocarbons (HC), nitrogen oxides (NO<sub>x</sub>), and other toxic substances such as fine particles and lead. Each of these pollutants has adverse effects on human health and welfare. Many of the vehicles are old and poorly maintained because of lack of spare parts and other resources. For example, in India a major portion of the vehicles fleet is older than ten years. This is true not only for trucks, buses and automobiles, but also for motorcycles and auto-rickshaws. The drastic increase in the number of vehicles has resulted in a significant increase in the emission load of various pollutants. In India, millions of people breathe air with high concentrations of dreaded pollutants. The air is highly polluted in terms of suspended particulate matter in most cities. This has led to a greater incidence of associated health effects on the population manifested in the form of sub-clinical effects, impaired pulmonary functions, and use of medication, reduced physical performance, frequent medical consultations and hospital admissions with complicated morbidity and even death in the exposed population. This paper studies about the effects of automobile increase having a toll on the health of the public.

**Key words:** Automobile growth, Ambient air quality, Emissions, pollution.

### INTRODUCTION:

The rapid urbanization in India has also resulted in a tremendous increase in the number of motor vehicles. Automotive industry has universally emerged as an important driver of the economy. Automobile dependency has many impacts on the society and the economy. It increases mobility and convenience

to motorists and also generates revenue to the Government. As the number of vehicles continues to grow and the consequent congestion also aggravates, vehicles are now becoming the main source of air pollution in urban India. However, this quick growth has also brought with it the unavoidable problems of urbanization – and as people go about their lives at high speeds, air quality in general and emissions from vehicles in particular has become an issue of primary concern. . Air pollution is one of the serious environmental concerns of the Asian urban cities including India, where majority of the population is exposed to poor air quality. The health related problems such as respiratory diseases, asthma, cough and cold, risk of developing cancers and other serious ailments etc. due to poor air quality. The rapid growth of urban agglomerations may have an indirect link to increased pollutant emissions. Moreover, increases in population concentration in urban areas make more people exposed to the adverse effects of air pollution. Urban population growth in developing countries, as a result of both natural increases and migration from rural areas and small towns, has greatly expanded urban boundaries and resulted in increased travel and demand for urban transport services. The increase in vehicle kilometers of travel in many developing countries has averaged between 5-30 per cent per annum since the mid-1980s.

As motor vehicles emit contaminants in close proximity to the breathing zone of people, they not only pose a greater health risk, but are also a source of public annoyance. Environmentalists commonly agree that in spite of so many rules framed by the Government of India as well as the State Government to control emissions, the current level of automobile pollution in the mega cities of India is beyond tolerable limits. The daily emissions of automobile pollutant like Suspended Particulate Matter (SPM), Sulphur Dioxide (SO<sub>2</sub>), Oxides of Nitrogen, Hydro Carbon and Carbon Monoxide in the major cities are extremely high. The situation is particularly alarming in the capital city, New Delhi with a staggering 1046.30 tons of daily pollution load, making it one of the most polluted cities in the world. These figures confirm the extent of toxicity prevailing in the atmosphere of these cities .

## **STATUS OF INDIAN AUTOMOBILE INDUSTRY**

According to the Ministry of Road Transport and Highways, the share of transport sector in Gross Domestic Product (GDP) of India has increased from 6.0 per cent in 2001-02 to 7.2 per cent in 2011-12. In particular, the contribution of road transport sector in GDP has increased from 3.9 per cent in 2001-02 to 5.1 per cent in 2011-12. India has experienced a tremendous increase in the total number of registered motor vehicles. The total number of registered motor vehicles increased from about 0.3 million in 1951 to about 142 million in 2011. The total registered vehicles in the country grew at a Compound Annual Growth Rate (CAGR) of 9.9 per cent between 2001 and 2011.

The share of two wheelers was about 72 per cent of the total registered motor vehicles in India in 2011, having increased from 8.8 per cent in 1951. Concomitantly, the share of number of registered cars, jeeps and taxis in the total number of registered vehicles stood at 13.6 per cent in 2011, marking a steep decline from 52 per cent in 1951. The number of registered goods vehicles, which had accounted for 26.8 per cent in 1951 constituted 5.0 per cent of the total vehicles in the country in 2011. In terms of share in total, ‘other vehicles’, which include tractors, trailers, three wheelers (passenger)/Light Motor Vehicles (LMVs) and other miscellaneous vehicles, increased sharply from 1.3 per cent in 1951 to 8.5 per cent in 2011. During 2001-2011, the growth rate of registered motor vehicles was almost three times the growth rate of the road network. Amongst the various categories of vehicles, the highest CAGR during 2001-2011 was recorded by cars, jeeps and taxis (10.5 per cent),

It is noticed that the number of two wheelers in India has gone up from 27 thousand in 1951 to 1.42 crores thousand in 1991 and then to 11.54 crores in 2012; in the case of cars, jeeps and taxis, the number

has gone up from 159 thousand in 1951 to 29.54 lakhs and further up to 2.15 crores in 2012; the number of buses in the country has moved up from 34 thousand to 331 thousand and then to 16.77 lakhs in the same period. In the case of goods vehicles, the number has increased from 82 thousand in 1951 to 13.56 lakhs in 1991 and then to 76.58 lakhs in 2012 and other vehicles which include tractors, trailers and three wheeler passenger vehicles, their number has moved up from 4 thousand to 2533 thousand and further up to 1.31 crores in the same period two-wheelers (10.2 per cent).

In Tamil Nadu, the CAGR of total registered motor vehicles for the period 2001-2013 stood at 11.7 per cent as against the national average of 9.9 per cent, which was the highest among the major states of the country. Segment-wise, the number of transport vehicles has gone up from 2.38 lakhs in 1992-93 to 10.42 lakhs in 2012-13, the number of non-transport vehicles has moved up from 16.82 lakhs to 160.49 lakhs and thus, the total number of all vehicles has gone up from 19.21 lakhs to 170.91 lakhs in the same period. This signifies an average annual growth rate of 16.81 per cent in the case of transport vehicles, 42.7 per cent in the case of non-transport vehicles and thus, 39.48 per cent in the case of all vehicles for the period 1992-93 to 2012-13.

## HEALTH PROBLEMS DUE TO AIR POLLUTION

The drastic increase in the number of vehicles has resulted in a significant increase in the emission load of various pollutants. In India, millions of people breathe air with high concentrations of dreaded pollutants. The air is highly polluted in terms of suspended particulate matter in most cities. This has led to a greater incidence of associated health effects on the population manifested in the form of sub-clinical effects, impaired pulmonary functions, and use of medication, reduced physical performance, frequent medical consultations and hospital admissions with complicated morbidity and even death in the exposed population. According to a World Bank study, respiratory infections contribute to 10.9 per cent of the total burden of diseases, which may be both due to the presence of communicable diseases as well as high air pollution levels, while cerebra vascular disease (2.1 per cent), ischemic heart disease (2.8 per cent) and pulmonary obstructions (0.6 per cent) are much lower. The prevalence of cancer is about 4.1 per cent amongst all the diseases indicating that the effects of air pollution are visualised on the urban population. In India, in a study of 2031 children and adults in five mega cities, of the 1852 children tested, 51.4 per cent had blood lead levels above the normal level. The percentage of children having higher blood lead levels ranged from 39.9 per cent in Bangalore to 61.8 per cent in Mumbai. Among the adults, 40.2 per cent had blood lead levels of above normal level (**Central Pollution Control Board, 2000**).

The New Economic Policy introduced in 1991 has unleashed a spectacular rise in the income levels of a selected segment of the population in India, especially in the urban areas, which has directly contributed to the unimpeded growth of vehicle population. The Government has taken some measures to control vehicular emissions, like the compulsory use of unleaded petrol for vehicles, application of higher emission norms like Euro III and Euro IV (in the metropolitan areas) for the passenger vehicles. However, it is not clear, as to how far these measures would have reduced the level of emission and thus air pollution, since the simultaneous rise in the vehicle population would have nullified any such drop in the emission level. Moreover, the Central Government has also postponed the further adherence of stricter emission norms due to the pressure and lobbying by the automobile sector in the name of investment and employment. With more and more people being pushed into the urban areas for their livelihood, the rising level of air pollution in all the urban centres of the country implies a widespread health hazard.

The proportion of those who depend on the private sector healthcare goes up successively from 6.9 per cent in the lowest income slab to 67.5 per cent, 89.2 per cent and 100 per cent in the successive higher

income classes, while it declines in the case of public sector healthcare from 86.2 per cent in the lowest income group to 18.4 per cent, 6.4 per cent and nil in the successive higher income classes.

## **SUGGESTIONS ON EMISSION CONTROL**

There is no significant association between the emission control measures implemented by the Government and the control of emission, since the respondents opine that the level of air pollution has been growing without any let off, as the number of vehicles has been going up without any break.

The present emission control norms are not sufficient to control future air pollution. Most of the sample respondents either disagree or completely disagree with the view that the present emission control norms are sufficient in controlling the future air pollution. Thus, it becomes necessary for the Government to be more stringent and needs to bring in some radical measures in controlling air pollution in the future, since the levels of pollution are going to rise in the years to come.

The Government can also initiate steps to increase the use of public transport by increasing the number of buses, use of dedicated bus lanes, linking different modes of public transport and linking many un served areas, which will reduce the use of two wheelers and private passenger cars;

The Government can come forward to implement 'Green Tax' on older vehicles, which are more than 10 years old more stringently by increasing the tax amount which will discourage the use of such vehicles; In order to combat the problem of vehicular traffic and congestion in the urban areas more seriously, the Government can implement measures like mandatory car pooling at least in the highly congested areas.

## **CONCLUSION:**

The Government has implemented various emission control norms in the past like reduced use of lead in fuels, advanced emission control norms and also a tax on the older vehicles. However, there has been no strict supervision and / or lax implementation of these measures apart from the inability to go further in new emission control norms for vehicles, since they are opposed vehemently by the automobile sector. Thus, the technology used by the automobile industry in the country is not advanced, which does not help in mitigating vehicle emission and air pollution. Moreover, the vehicles are allowed to ply for longer period which further exacerbate air pollution.

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# RELATIONSHIP BETWEEN BEHAVIORAL BIAS AND INVESTMENT PERFORMANCE WITH REFERENCE TO EQUITY MARKET

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## Abstract

Behavioral finance is a new paradigm of finance, which seeks to enrich the standard theories of finance by introducing behavioral aspects to the decision-making process. It is an emerging science, a developing field of academic study that exploits the irrational nature of investors. It concentrates on irrational behavior that can affect investment decisions and stock market prices. It attempts to understand how emotions and cognitive factors influence equity investors' decision making process. The paper focuses on investor behavior towards investment decision and its performance. It also aims to study the literature relevant to behavioral decision making and individual investors' psychology related to cognitive and emotional biases and its investment performance. It helps to identify the relationship among them and incorporates the antecedents or causes of the biases and their outcomes or consequences.

**Keywords:** Behavioral finance, Investor Bias, Decision making.

## Introduction

Standard finance basically is built on rules about how investors should behave, rather than on principles describing how they actually behave. Behavioral finance attempts to identify and learn from the human psychological phenomena at work in financial markets and within individual investors. Behavioral finance like standard finance is ultimately governed by basic precepts and assumptions. However standard finance grounds its assumptions in idealized financial behavior. Behavioral finance grounds its assumptions in observed behavior.

Behavioral finance seeks to understand and predict systematic financial market implications of psychological decision processes. It also focuses on the application of psychological and economic principles for the improvement of financial decision making (Olsen, 1998).

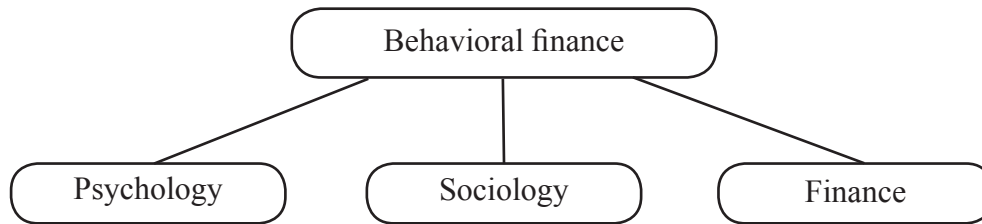
Behavioral finance deals with individuals and ways of gathering and using information. It attempts to explain the what, why and how of finance and investing from a human perspective. It also studies financial markets as well as providing explanations to many stock market anomalies which include fundamental anomalies, technical anomalies and calendar anomalies, speculative market bubbles and crashes.

## Foundations of Behavioral finance

Martin Weber (1999) observes that "Behavioral finance closely combines individual behavior and market phenomena and uses knowledge taken from both the psychological field and financial theory". The behavioral aspects of psychology and sociology are integral catalyst within this field of study. The

Figure 1 demonstrates the important interdisciplinary relationship that integrates behavioral finance.

**Fig 1: Field of Behavioral of Finance**



Psychology is the scientific study of behavior and mental process, along with how these processes are affected by a human being physical, mental state and external environment. Sociology is the systematic study of human social behavior and groups. This field focuses primarily on the influence of social relationships on people’s attitudes and behavior. Finance is a discipline concerned with determining value and making decisions. The finance function allocates capital, including the acquiring, investing and managing resources.

**Behavioral Bias and Investor Decision Making**

Decision making can be defined as the process of choosing a particular alternative from a number of alternatives. It is an activity that follows proper evaluation of all the alternatives. Decision makers need to keep themselves up to date by obtaining information/knowledge from diversified fields so that they can accomplish the tasks they have to work upon. Howard Raffia (1968) introduces three approaches to the analysis of decisions. It includes Normative analysis, which is concerned with the rational solution to the decision problem, Descriptive analysis deals with real people who actually make decisions and Prescriptive analysis is about practical advice so that people could use to make rational decisions.

Pompian and Longo(2005) suggest the use of two behavioral finance guidelines or principles. First, financial advisors should adapt to biases at high wealth levels and attempt to change behavior at lower wealth levels. Second, financial advisors should adapt to emotional biases and moderate cognitive biases. Guidelines for incorporating biases in asset allocation decisions will help financial advisors accomplish the following objectives. Ultimately, the application of behavioral finance to individual client is a sensitive process that would benefit from the adoption of finance industry guidelines and direction.

Behavioral finance aids to understand the reasoning patterns of investors, based on the bias such as emotional and cognitive processes involved and the degree to which they influence the decision making process.

**Cognitive Bias**

Cognitive bias is based on faulty cognitive reasoning. They are classified into two categories, such as belief perseverance bias which is the tendency to cling to one’s previously held or recently established beliefs irrationally or illogically. The second category is that people process information either illogically or irrationally in financial decision making. Cognitive Bias includes:

- **Representativeness**

Representativeness is overreliance on stereotypes. Investors over react to the situation based on the past experiences. Shefrin and Statman (1994) explains the phenomena where investors give more weights to the recent observations or simply believe that recent events are reversed in such a way that short run events be similar to long run possibilities. So this bias make investor to think upon on a best fit approach to determine which category should provide a frame of reference to understand the new information. The new information superficially resembles or is representative of familiar elements already classified, but in reality it can be different and this paves way for decision making of investors.

- **Illusion of Control**

People tend to believe that they can control or influence outcomes when, in fact they cannot. Langer defines Illusion of control bias as the expectancy of personal success probability inappropriately higher than the objective probability would warrant. The choices, task familiarity competition and active involvement can all inflate confidence and generate such illusions. The trader believes that they have control over the outcomes of their investments. This may lead to excessive trading, in which lower securities are held longer and traded less frequently.

- **Cognitive Dissonance**

Cognitions in psychology represent attitude, emotion, belief or values. Cognitive Dissonance is a state of imbalance that occurs when contradictory cognitions intersect. It refers to the psychological conflict resulting from incongruous beliefs and attitudes held simultaneously. It was introduced by the Psychologist Leon Festinger (1991-89), when confronted with challenging new information most people seek to preserve their current understanding by rejecting, explaining away or avoiding the new information or by convincing themselves that no conflict really exists. Cognitive Dissonance can cause investors to hold losing securities position that they otherwise sell because they want to avoid the mental pain associated with a bad decision.

- **Anchoring**

Hoguet (2005) defines Anchoring as a earnings expectation for a stock, investors tend to anchor on the most recent information, people tend to adjust their anchors insufficiently and produce end approximation that are consequently biased. These biases are often influenced by purchase points or arbitrary price levels or price indexes and investors tend to cling to these numbers while making investment decisions. Fischer and Gerhardt (2007) find that the theoretical recommendation to treat winning and losing asset equally that focus on future developments and there is a tendency to sell winning stocks too early and keep losing stocks too long and this refers to disposition effect.

- **Mental Accounting**

It is one method people use to make decision making manageable. According to Richard Thaler, Mental Accounting is the set of cognitive operations used by individuals and household to organize, evaluate and keep track of financial activities. Key components of mental accounting are account assignment, closure and evaluation. Many people nominally place their money in silos: expenditures (food, housing, entertainment, and vacation), wealth (checking account, retirement savings) and income (salary, bonus). It is important to note that often these accounts are mental constructs rather than actual accounts.

Thaler (1999) notes that mental accounting includes three components, the first compartments of mental accounting captures how outcomes are perceived and experienced, and then how decisions are made and subsequently evaluated. The second part of mental accounting assigns the activities to specific accounts. It keeps track of inflow and outflow of funds from each specific activity. The third components is concerned with the frequency with which account are evaluated. Accounts can be balanced on a daily, weekly, monthly or yearly basis. Each of the components of mental accounting violates the economic principle of fungibility. Consequently, decisions choices are influenced.

### **Emotional Bias**

Emotional biases are based on reasoning influenced by feeling or emotions. It is harder to correct or change than cognitive errors because they originate from impulse or intuition rather than conscious calculations. Usually emotional biases can cause investors to make suboptimal decisions. This bias includes the following:

- **Loss Aversion**

Loss aversion bias was identified by Daniel Kahneman and Amos Tversky in 1979. In prospect theory, loss aversion occurs when people tend to strongly prefer avoiding losses as opposed to achieving gains. Loss aversion leads to hold their losers even if an investment has little or no chance of going back up. Similarly, loss aversion bias leads to risk avoidance when people evaluate a potential gain. Benartzi and Thaler (1995) contend that the size of the equity premium suggests that investors weigh losses twice as much as gains, and that they evaluate their portfolios on an annual basis. Investors are more averse to risk when it is long (Haigh and List, 2005).

- **Regret Aversion**

Regret Aversion stipulates that investors may wish to avoid losses for which they can easily imagine having made a superior decision. Regret helps to explain the dividend puzzle, if investors want to avoid the regret of having sold shares that later went up in price. Such regrets may also encourage investors to hold on to loser stocks (Shefrin and Statman 1985), Kowning(1999) contend that investors will bet on good assets, in order to avoid regret, which in turn could possibly trigger some sort of herding behavior.

- **Overconfidence**

Overconfidence implies that individuals overvalue their knowledge or abilities which lead to many consequences. For instance, overconfidence makes investors to underestimate risk or to overestimate their ability to beat the market. Overconfidence bias may cause excessive trading. Daniel et al (1998-2001) suggest that investors suffer from a combination of overconfidence and self-attribution bias i.e., people attribute success to their own skills, but blame failure on bad luck.

### **Other Biases**

*Emotional bias*, which occurs when a person assigns greater value to an object when he or she possesses it and is faced with its loss and doesn't possess with potential gain. *Hindsight bias* ensues when an investor perceives investment outcomes as if they were predictable. *Framing bias* respond to a situation based on the context in which a choice is presented (framed) and it often focus too restrictively

on one or two aspects of a situation, excluding other consideration. *Self-attribution bias* refers to the tendency to ascribe successes to innate talents while blaming failures on outside influences. *Confirmation bias* arises when people observe, overvalue or actively seek out information that confirms their claims, while ignoring or devaluing their claims. In *Self-optimism bias*, investors believe that bad investments will not happen to them and they will only afflict others.

### **Relationship between Behavioral Bias and Investment Performance**

The perception of investors may vary with rational thinking. The behavior of the investor has a major role in investment decisions, by identifying the investor interest, attitude and preference towards investing and mental mistakes they actually make on investment decisions lead to their performance. Performance is an important signal to measure the investment decision making and the preference of the investors. The decision makers are influenced by multiple psychological biases. It distorts their decision making and economic outcomes. (Barber and Odean 2001, 2002, Kahneman and Riepe 1998).

Investors may also complicate a good company with a good investment. A good firm may be one that generates strong earnings, have price increase more than other stocks (Solt and Statman 1989). Investors make this error when noting past stock returns. Investors consider recent past returns to be representative of what they can expect in the future. Therefore, investors might buy stocks that have recently increased in price which is known as momentum trading or positive-feedback trading. Investors who are overconfident believe they can obtain large returns, thus they trade often and they underestimate the associated risk (DeLong, Shleifer, Summers and Waldmann 1990, Kyle and Wang (1997), Odean (1998b) and Wang (1998, 2001). Overconfidence can lead to the speculation that drives asset bubbles (Scheinkmanan Xiong 2003).

According to Hirshliefer (2001), Mental Accounting may explicate the disposition effect. The people want their good decisions to be recognized immediately in their mental accounts, but they postpone acknowledging their bad decisions i.e., investors may sell stocks that performed well so that they can feel good about themselves and boast to others about their ability to pick good stocks. Jae HonhPark (2011) views that investors would use message boards to seek information that confirms their prior beliefs. The confirmation bias would make them more overconfident and adversely affect their investment performance. Investors have higher expectation about their performance, trade more frequently, but obtain lower realized returns.

Grinblatt (2000) analyses the extent to which past returns determines the propensity to buy and sell. It also analyses whether these differences in past return based behavior and differences in investor sophistication drives performance of various investor types in Finland. It shows that the portfolios of foreign investors seem to outperform the portfolios of households, even after controlling for behavior differences. In particular, Barber and Odean (2001) argue that the Illusion of control mean people believe that they can influence the outcome of chance events, then Illusion of knowledge mean when people have far more data, they believe that they are more knowledgeable and Self-attribution mean people tend to attribute their success to their own abilities while attribute their failure to bad luck. All these drive investors to be overconfident. Overconfident investors are known to trade more frequently and have negative abnormal returns amongst stock market traders, especially when they are less experienced yet successful (Odean 1998, Barber and Odean 2001)

Luong (2011) identifies behavioral factors having impact on the individual investors' decisions and performance. Herding have highest positive impact on the investment performance while herding behaviors reported positive impact at lower level. Prospect behaviors have negative impact on the investment performance. (Bias and Weber 2010) identify that hindsight bias reduces volatility estimates and more biased agents have lower performance. Choe and Ecm(2009) study the disposition effect and investment performance in the futures market, which shows that there is a negative relationship between the disposition effect and investment performance.

Ghalandari(2013) investigate the effects of market variables and herding effect on investment decisions as factor influencing investment performance in Iran. It supports the behavioral approach to portfolio theory and shed new light on the traditional approach to portfolio theory. It is suggested that when buying stocks, investors choose companies with higher cash/stock dividends as well as invest in short/mid/long term stock with adequate capital allocation. Investors with higher amount of investment multiple gains, investors with more cash reserved for the next investing opportunity would likely gain. Kengatharan (2014) exploring the behavioral factors influencing individual investors decisions at the Colombo stock exchange. Herding, heuristics, prospect and market are the behavioral factors affecting investment decisions and identify the relationship between the factors and performance.

## **Conclusion**

The field of behavioral finance explains the psychology to analyze how and why investors make their financial decisions. Neoclassical economic theory considers investors and markets to be rational and efficient entities. In practice, investors may be emotional, biased and overconfident. The market reacts and responds to the individual biases and behaviors of equity investors and market anomalies occur. Behavioral finance which has much in common with the field of cognitive and emotional psychology offers a theoretical explanation about investor's irrational or emotional choices and action. Only investors with right strategy and investment behavior could make profit in this particular market scenario.

It may be short term or long term, based on the type of investors the psychological bias differs. More frequently investors are clear with risk return trade off and feel satisfied with their investment performance. These investors are influenced by cognitive bias as they believe on the past information and future performance of the market. But traders choosing short term investments, with highly speculated market enjoy quick gains. These people are emotional in nature which may lead to great loss or profit with unexpected return performance. From the evidences, it is clear that the investors must look forward their mistakes and should make careful investigation while investing in stock. It also helps them to judge the stocks and make wise decision making. It is also necessary to look into the portfolio selection and appropriation while making investment decisions to get anticipated yield.

To conclude, the equity investors' behavior in decision making has a great impact in their performance. The investor's actual return will meet their expectation based on the rational thinking. Even though they identify the risk benefit distribution and asset allocation in the trading activity, due to market trend and past information their return expectation varies. So it is necessary for the investors to opt for financial advice and clear picture of the market with rational decision making that will lead to good performance. Financial advisers will be challenged by the task of deciding how much individualized behavioral finance research is appropriate for each client. It is the responsibility of financial advisers to decide whether to attempt to change their clients biased behavior or adapt to it.

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## INTERPERSONAL RELATIONSHIP IN HIGHER EDUCATIONAL INSTITUTION

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### **ABSTRACT:**

Teachers hold the highest regard for students after their parents. All cultures and religions preach that students are supposed to respect their teachers and should try to learn from them not only what's there in the academic curriculum but also the values of life. Teachers have an important role in building the personality of students and the relationship they develop with them determines the student's academic and personal growth.

### **INTRODUCTION:**

A positive teacher student relationship could be developed by encouraging a learning environment where the students feels free to ask whatever he want to and the teacher responds in a manner which is understandable by the student. Therefore it would not be wrong to say that the building block of a strong teacher student relationship is effective communication. A major hindrance to the strengthening of their relationship is the different categories of student in a class. Some of the students are hard working and come to the class to learn but there are others who are aggressive in nature and find it difficult to concentrate on what is going on in the class.

### **GOOD RELATIONSHIP WITH THE STUDENTS:**

While both at – risk and academically successful students believe it is important for teachers to treat them respectfully and to value them and their efforts, the two groups of students have very different ideas about what makes student – teacher relationships meaningful.

**Academically Successful** students value a teacher's willingness to help them in academic matters. For example, they may not require fact-to-face meeting, but they do want personal notes on papers.

**At-risk students** encounter more troubles outside of school and are more easily distracted from their schoolwork. As a result, they desire more face-to-face contact with their teachers. These students feel that caring teachers “legitimize their personal concerns and also help them refocus energy on such long-term goals as high school graduation”

Students are more likely to be emotionally and intellectually invested in the classes in which they have positive relationships with their teachers. Therefore, teachers who build positive relationships with their students may enjoy the following benefits:

- ✚ Increased levels of students' interested in and enjoyment of the class.

- ✚ Increased levels of students' academic achievement (Murray).
- ✚ A decrease in the occurrence of classroom disruptions (Phelan).

### **POSITIVE STUDENT-TEACHER RELATIONSHIPS AFFECT ACADEMIC SUCCESS OF STUDENTS:**

High-achieving students will do what is expected of them, but if a strong student-teacher relationship hasn't been formed, they tend to distance themselves from the teacher and from the coursework (Phelan). Obviously, if teachers form positive relationships with academically successful students, these students are more likely to be engaged in the class and internalize the course materials.

### **STEPS TO IMPROVE STUDENT – TEACHER RELATIONSHIPS:**

- Learn as much as possible about students' personal interests and backgrounds. Try to connect their personal interests with classroom work, where possible. Also, learning about students' cultures and religious backgrounds may help you relate to them more effectively.
- Include journal-writing activities, weekly student-teacher meetings, and class discussions, which enable students to voice and teachers to address concerns.
- Implement social emotional learning opportunities, which student's abilities to understand their own and other's emotions (Murray).
- Be aware of classroom dynamics. Try to diffuse tensions that may exist between students.
- Be patient with those students who are disruptive and disrespectful. Bonding with disruptive students may improve their behavior in the classroom.
- Model appropriate behavior. Students are very sensitive to teacher's attitudes towards the school and the class in general; therefore, teachers must be extremely self-reflective, making certain that they are modeling positive behaviors for the class. Videotaping several class sessions may make teachers aware of any negative feelings they may be projecting towards their students

### **REVIEWS OF LITERATURE:**

**Meshal K.H. Metle** (March 2001) defined that Kuwait women employees who have level of education are less satisfied than those who have higher education. It is expected that women who have a business education background would be mere satisfied with their jobs than women who have a non-business education background. However the differences and a relationship are expected between the effects of educational level and field in determining job satisfaction.

**Margaret Helay** and **Maevae Mccutcheon** (March 2010) suggest that, in research evidence place lecturer as the supporting cast, with the student as the main actors, in the learning environment. The students ate key players and they are not as much recipients of information. Lecturers were concerned with student engagement in learning process, rather than simply seeking student participation.

At present lecturers describing the view of the lecturer-student relationship are happy to share control of the learning environment with students. The student's role is presented in empathetic terms, as key stakeholder, with lecturers alert to the challenges facing students in a case study context.

**Gabedi N. Molefe** (29-Nov-2010) in *An International Perspective* suggests that student-teacher relations are an integral to high learner-performance. A teacher who can develop relationship that faster and encourage student engagement will enhance learning. Hence lecturer with enthusiasm for the subject and facilitates opportunities for generating regular informal feedback on students, as well as deeper understanding of the subject matter.

**Kristen M. Maceli, Christine E. Fogliasso and Donald Baack** (2011) denotes that student satisfaction with class is influenced by relationship with instructors, as well as success in the classroom. Thus gender affects the classroom experience, instructors and the environment they create. Gender matching is more relevant to females than males, instructor's age was also more important to females with younger professors tending to be given rated with higher satisfaction levels.

**Umar Rashid and Sadia Rashid** (Aug 2011) points out that the responsibility of faculty members and achievement contributes them more to the satisfaction level. The job satisfaction in academy faculty can be attained through enriching their jobs, which will ultimately bring creativity and innovation on their routine works, benefiting the students.

#### **OBJECTIVES:**

- To find profile of college teachers.
- To find the existing interpersonal relationship between students and teachers in higher education.
- To determine the factor influencing student teacher relationship.

#### **METHODOLOGY:**

The study is conducted using both analytical and descriptive type of methodology. The study primarily depends on primary and secondary data. The survey is conducted in self-financing colleges located in Chennai city. The primary data are collected through survey method. Survey is conducted using well formulated questionnaire. Simple random sampling is applied for generating data. Samples for the purpose of the study are selected systematically. Totally 510 completed questionnaire were collected from women lecturers in Chennai city and it was found usable for the study. The questionnaire used comprises optional type in Likert's five point scale which ranges from strongly agree to disagree. The primary data collected are analyzed using the SPSS computer package, t test and factor analysis by principal component method is used to identify the factors of inter personal relationship of student teacher.

**DATA ANALYSIS AND INTERPRETATION:****STUDENT TEACHER RELATIONSHIP:**

The student – teacher relationship is ascertained from the perception of women college teacher in likert's 5 point scale which varies from Strongly Agree to Strongly Disagree. The parametric T –test is applied on 14 variables of satisfaction over student teacher relationship. The results are presented below.

**One-Sample Statistics**

|       | N   | Mean   | Std. Deviation | Std. Error Mean | T values | Sig(2 tailed) |
|-------|-----|--------|----------------|-----------------|----------|---------------|
| STR1  | 510 | 4.1882 | .95058         | .04209          | 28.229   | .000          |
| STR2  | 510 | 3.9196 | 1.05237        | .04660          | 19.734   | .000          |
| STR3  | 510 | 3.2098 | 1.28046        | .05670          | 3.700    | .000          |
| STR4  | 510 | 3.5980 | 1.19642        | .05298          | 11.288   | .000          |
| STR5  | 510 | 3.7353 | 1.13635        | .05032          | 14.613   | .000          |
| STR6  | 510 | 3.6765 | 1.25338        | .05550          | 12.189   | .000          |
| STR7  | 510 | 3.4863 | 1.25164        | .05542          | 8.774    | .000          |
| STR8  | 510 | 3.6784 | 1.23414        | .05465          | 12.414   | .000          |
| STR9  | 510 | 3.3980 | 1.34164        | .05941          | 6.700    | .000          |
| STR10 | 510 | 3.6745 | 1.22672        | .05432          | 12.417   | .000          |
| STR11 | 510 | 3.7000 | 1.17195        | .05190          | 13.489   | .000          |
| STR12 | 510 | 3.7216 | 1.14770        | .05082          | 14.198   | .000          |
| STR13 | 510 | 3.3961 | 1.35605        | .06005          | 6.596    | .000          |
| STR14 | 510 | 3.3725 | 1.29622        | .05740          | 6.491    | .000          |

From the table it is found that the mean value range 3.2098 to 4.1882, standard deviation ranges from .95058 to 1.35605, standard error ranges from .04209 to .06005 this leads to the computation of t – statistics. It is found that the 't' values also ranges from 3.700 to 28.229. All these 't' values are statistically significant at 5% level. This implies that the college teachers strongly agree for their engagement in enlightening process. It is further found that women college teachers moderately agree for student encouragement, commitment, giving freedom to the students, behavior of students, friendly learning condition, talent of students to learn with love rather than punishment.

**FACTOR ANALYSIS:****FACTORS OF STUDENT TEACHER RELATIONSHIP:**

The student teacher relationship consist of 14 variables in likert's five points scale which ranges from strongly agree to strongly disagree. Therefore the researcher indented to reduce 14 variables in

to pre-dominant factors. The application of factor analysis principled component method derived the following results.

**KMO and Bartlett’s Test**

|  |                    |          |
|--|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |                    | .800     |
| Bartlett's Test of Sphericity                    | Approx. Chi-Square | 1657.262 |
|  | Df                 | 91       |
|  | Sig.               | .000     |

From the above table it is found that KMO measure of sampling adequacy is .800, Bartlett’s Test of Sphericity with approximate chi – square value in 1657.262 are statistically significant at 5% level. Therefore it can be concluded that 14 variable possess appropriate variance and the sample size is adequate enough. This leads to the computation of communalities for all 14 variables.

**Communalities**

|       | Initial | Extraction |
|-------|---------|------------|
| STR1  | 1.000   | .678       |
| STR2  | 1.000   | .646       |
| STR3  | 1.000   | .408       |
| STR4  | 1.000   | .672       |
| STR5  | 1.000   | .669       |
| STR6  | 1.000   | .443       |
| STR7  | 1.000   | .586       |
| STR8  | 1.000   | .596       |
| STR9  | 1.000   | .417       |
| STR10 | 1.000   | .454       |
| STR11 | 1.000   | .669       |
| STR12 | 1.000   | .630       |
| STR13 | 1.000   | .660       |
| STR14 | 1.000   | .508       |

From the above table it is found the variance of 14 variable range from .408 to 0.678. This shows that 14 variables possess the variance range from 40.8% to 67.8%. This variance limit is statistically significant and confirms that the variable reduction is meaningful to the factors. This leads to the derivations of number of factors from 14 variables.

**Total Variance Explained**

| Component | Initial Eigenvalues |               |              | Rotation Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-----------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| 1         | 3.802               | 27.155        | 27.155       | 2.703                             | 19.305        | 19.305       |
| 2         | 1.971               | 14.081        | 41.237       | 2.057                             | 14.690        | 33.994       |
| 3         | 1.246               | 8.903         | 50.139       | 2.020                             | 14.425        | 48.420       |
| 4         | 1.016               | 7.256         | 57.396       | 1.257                             | 8.976         | 57.396       |
| 5         | .904                | 6.454         | 63.850       |                                   |               |              |
| 6         | .784                | 5.600         | 69.450       |                                   |               |              |
| 7         | .715                | 5.109         | 74.559       |                                   |               |              |
| 8         | .663                | 4.739         | 79.297       |                                   |               |              |
| 9         | .608                | 4.341         | 83.639       |                                   |               |              |
| 10        | .555                | 3.967         | 87.606       |                                   |               |              |
| 11        | .508                | 3.627         | 91.233       |                                   |               |              |
| 12        | .447                | 3.192         | 94.425       |                                   |               |              |
| 13        | .398                | 2.841         | 97.266       |                                   |               |              |
| 14        | .383                | 2.734         | 100.000      |                                   |               |              |

From the above variable it is found that 14 variable are reduced in to 4 predominant factors with total variance 57.396%. It can be deduced that the four factors possess individual variance 19.305, 14.690, 14.425 and 8.976. This leads to formation of factors.

The first factor consists of six variables, students learn more by love than by punishment [.754], the talents of students remain hidden if due attention is not paid to their special abilities

[.740], well qualifies college teachers tempt to have good relationship with students [.659], students can become good citizen only when the teachers are good teachers [.540], the success teachers offer good satisfaction to their students [.538], classroom teaching does not include a feelings of self – confidence in the students [.499]. Therefore this factor can be appropriately named as “Student Confidence”.

The second factor consist of four variables, classroom teaching make the student disciplined [.738 ], student work hard if they are not given freedom to ask question in the class [.705], students behavior should be taken in to consideration by the teachers [.696], good learning condition is created when the relations between the teachers and the students are warm and friendly [.446]. Therefore this factor can be appropriately named as “Students Self – Mastery”.

The third factor consist of two variables, the committed teachers have smooth relationship with their students [.790], teaching requires great deal of delight and commitment [.790]. Therefore this factor can be appropriately named as “Students Responsibility”.

The fourth factor consists of two variables, teachers encourage students to enhance learning habit [.726], the college faculties engaged in enlightening the students rather than their participation [.697]. Therefore this factor can be appropriately named as “Students Knowledge”.

### CONCLUSION:

The purpose of the study was to provide a more in-depth understanding of the dynamics and importance of the student-teacher relationship. Based on the finding from the ‘t’ test it is significant at 5% level, hence the students learn with love rather than punishments. From the factor analysis it is found that classroom teaching does not increase a feeling of self – confidence among the students. Therefore interpersonal relationship increases students self – confidence, self-mastery, student’s responsibility and student’s knowledge.

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# IMPACT OF MOTIVATION ON ORGANIZATIONAL EFFECTIVENESS A STUDY WITH REFERENCE TO INFORMATION TECHNOLOGY COMPANIES IN CHENNAI

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## **Abstract**

The purpose of the study is to identify and analyze the impact of motivational factors on the organizational effectiveness of the Information Technology Industry. Based on various literature reviews the study identified two broad categories of factors of motivation namely Monetary Factors and Non Monetary Factors. The data for the study had been collected from 100 employees working in different Information Technology companies situated in Chennai city. Using regression analysis it is found that factors like Emoluments, Fringe Benefits and Job Autonomy motivated the employee to increase the organizational efficiency.

Keywords: Motivation. Organizational efficiency, Motivation Factors

## **Introduction**

Employee Motivation is the most important concept in the field of organizational behaviour and human resource management. Employee motivation is the key to the organizational effectiveness and is the predictor of performance of the employees.. Motivated employees are the cornerstones of any organization and help the organization to survive (Smith, 1994). However, to get the productivity up to an optimal level, it is very critical to understand how and why people are motivated to work (Hahn & Kleiner, 2002). In the current highly competitive era, the organization regardless of size, technology and market force are facing employee performance and retention challenges (Ramlall, 2004). If the company does not process its ability to motivate its employees, the knowledge and efficiency within the organization cannot be practically used to its maximum level. Therefore the organization must develop ways to keep their employees motivated and increase their efficiency levels. Further, it can make a sound intrapersonal and interpersonal effect and influence on the relationship inside and outside the organization. A large spectrum of factors affects employee motivation.

These factors vary across cultures, by qualification and are also determined, to some extent, by the nature of work or industry. Therefore, a careful consideration of each and every factor is highly required. The focus of the study is to understand the different factors that motivates the employees in Information Technology and analyzes how the motivation increases the employee efficiency and organizational effectiveness.



**Review of Literature**

There have been various researches done on motivation factors and organization effectiveness by many research scholars. From a literature review, motivated employees are more productive, happier and this results in organization effectiveness and development.

Sara L. Rynes (2004), on her study found that pay had a strong motivational potential among the employees of non-government and unorganized organization. She suggested to take any pay complains seriously and should evaluate the current pay system with the strength of the pay performance relationship. Navdeep Kum (2010) through his study found that highly motivated and satisfied employees were the core strength for the success of every organization. On his analysis, he found that among the three variables salary, facilities and promotion, salary was found to be the most influencing factor of motivation on employees' performance level. According to Laikun Kong (2008), employee benefits included child care, retirement plan, social security, paid holidays etc., These factors proved to improve job satisfaction. In his study on the relationship between employee benefits and organizational commitment, he found that employers in order to increase the organizational productivity, should provide improve fringe benefits along with mandatory benefits. Nandanwar. M.V and Surnis S.V (2010) on their study proved that salary might retain good employees but an effective reward encourages the employees to improve their work efficiency and giving their best result. Fan Wu (2010), on a study investigated on the incentive schemes which could motivate the employees to contribute for the improvement of the organization. It proved that the public honour that motivated the employee in higher level contributing to the work than the bonus and concluded that bonus payment actually elicited a lower effort than no reward or public honour. This indicated a possible crowding out of the intrinsic motivation. Mohamed Javed Kalburgi (2010), through his study focused on the motivation level of executives and elicits information on various methods used by the managers to motivate their employees working in public sector organization. He found that the work environment which consists of highly supportive supervisor, good interpersonal relationship and grievances handling method of the organization motivated the employees to give high productivity. His concluded that good communication and feedback method, and less rigidity in rules would reduce the set back in the organizational growth and increases productivity level. The study conducted by Dr. Kofi Osei Akuoko (2012) on the impact of performance appraisal system on employee motivation found that employees participation in setting up of appraisal objectives was the main source of motivation and the outcome of appraisal process would help in sustaining the motivation and performance level of the employees.

Vidya Gawali (2009) on her study found that Cross-Training creates a learning environment for the employees and provided chance to recognize their hidden talents in other field. It helps in providing better understanding between employees from different departments around the organization and helps in reducing disputes among themselves. The research conducted by Brajesh Kumar Varma (2011), proved that Skill Variety through job rotation gives employees a greater sense of competence and confidence to perform different kinds of work in the organization. Radha Mohan Chebolu (2005) on her study on the fact that if the employees were given a sense of ownership and participation in the management can prove better results, found that empowerment strategy enabled the team-based departments to become more enthusiastic, active and successful. The study of Nnenna . E Ukandu (2011) recommended empowerment and autonomy in execution of job, involvement in decision making should be adopted to improve the level of employee motivation in the organization. Effective empowerment of employees can lead to higher levels of employee skill development and better time management for managers.

**Objective of the study**

The main objective of the paper is to study about the different factors that are involved in employee’s motivation in IT industry. There are certain other reason which carried out as a result of this paper-

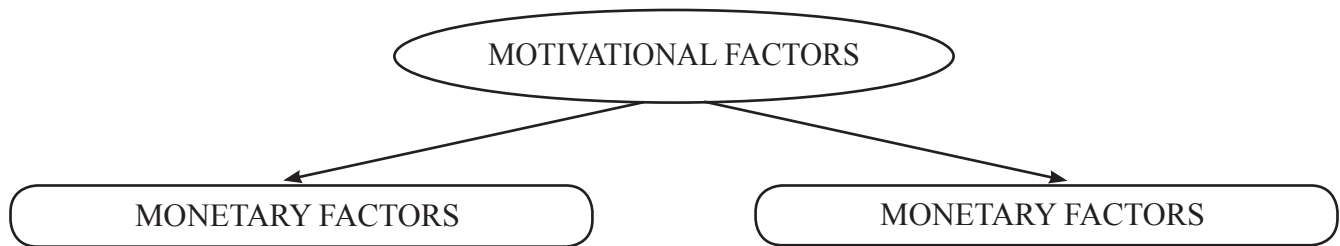
- To find how the motivation increases the employee’s efficiency and organizational development

**Methodology**

They study was based on survey method. The data for the study was collected though primary data and secondary data. Using convenient sampling, the primary data had been collected from 100 employees working in various Information Technology companies situated in Chennai city, Tamil Nadu, India. The questionnaires was framed on the basis of 5-point Likert’s scale ranging from strongly agree to strongly disagree. The data had been analyzed with the help of statistical technique Regression Analysis.

**Data Analysis and Interpretation**

After reviewing the national and international literature, the motivation factors have been identified as



Monetary Factors of Motivation like Emoluments, Fringe Benefits and Rewards, and Non-Monetary Motivational Factors like Work Environment, Performance Appraisal, Training and Development, Job Rotation, Career Development, Employee Participation, Promotional Policies and Job Autonomy influence the employees performance level which in turn increases the organizational productivity. It is also sharply estimated the impact of both the monetary and non-monetary motivational factors over the employees and the organizational effectiveness. In this scenario, the monetary and non-monetary motivational factors are considered as independent variables and their impact are considered as dependent variable. Therefore, a Linear Multiple Regression Analysis is applied and the following results are obtained as shown below.

**I. Impact of Monetary Motivational Factors on the Employees and the Organization**

The influence of the three independent monetary motivational factors on the whole employees of the organization is presented in the following table:

**Table - 1 Model Summary**

| Model | R       | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|---------|----------|-------------------|----------------------------|
| 1     | .126(a) | .016     | .010              | .40796                     |

a Predictors: (Constant), RE, EMO, FRI

From the above table it is found that R Square = .016, Adjusted R Square = .010 and R = 0.126. This implies that the independent variables explain variation over the dependent variable. The cumulative influence is measured in the following ANOVA table.

**Table -2 ANOVA(b)**

| Model |            | Sum of Squares | df  | Mean Square | F     | Sig.    |
|-------|------------|----------------|-----|-------------|-------|---------|
| 1     | Regression | 1.333          | 3   | .444        | 2.669 | .047(a) |
|       | Residual   | 82.551         | 496 | .166        |       |         |
|       | Total      | 83.884         | 499 |             |       |         |

a Predictors: (Constant), RE, EMO, FRI

b Dependent Variable: IMP

From the above table it is found that F=2.669, p=0.047 are statistically significant at 5% level. This implies that the monetary motivational factors are able to create good influence over the employees as well as the organization. The individual influences are measured in the following co-efficient table.

**Table -3 Coefficients(a)**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig.       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------------|
|       |            | B                           | Std. Error | Beta                      | B      | Std. Error |
| 1     | (Constant) | 3.752                       | .242       |                           | 15.489 | .000       |
|       | EMO        | .111                        | .043       | .130                      | 2.545  | .011       |
|       | FRI        | -.091                       | .042       | -.111                     | -2.156 | .032       |
|       | RE         | .030                        | .043       | .031                      | .705   | .481       |

a Dependent Variable: IMP

From the above table it is ascertained that the Emoluments (t=2.545, p=.011) and Fringe Benefits ( t= -2.156, p=.032) are statistically significant at 5% level. Therefore it can be concluded that in monetary motivational domain, Emoluments and Fringe Benefits offered to the employees motivated them to thoroughly understand the existing constructive policies of the company and optimistic cultural changes of the organization. It is further inferred that the Emoluments and Fringe Benefits motivated the employees to increase their commitment level as well as to elevate their career.

**II Influence of Non-Monetary Motivational Factors on the Employees and the Organization**

The influence of eight independent non-monetary motivational factors on the whole employees of the organization is presented below.

**Table -4 Model Summary**

| Model | R       | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|---------|----------|-------------------|----------------------------|
| 1     | .312(a) | .098     | .083              | .39266                     |

a Predictors: (Constant), JA, PA, TD, PP, CD, WE, JR, EP

From the above table it is found that R Square = .098, Adjusted R Square = .083 and R = 0.312. This implies that the independent variables explain variation over the dependent variable. The cumulative influence is measured in the following ANOVA table.

**Table -5 ANOVA(b)**

| Model |            | Sum of Squares | df  | Mean Square | F     | Sig.    |
|-------|------------|----------------|-----|-------------|-------|---------|
| 1     | Regression | 8.181          | 8   | 1.023       | 6.632 | .000(a) |
|       | Residual   | 75.703         | 491 | .154        |       |         |
|       | Total      | 83.884         | 499 |             |       |         |

a Predictors: (Constant), JA, PA, TD, PP, CD, WE, JR, EP

b Dependent Variable: IMP

From the above table it is found that F=6.632, p=0.000 are statistically significant at 5% level. This implies that the non-monetary motivational factors can strongly influence over the employees as well as the organization. The individual influences are measured in the following co-efficient table.

**Table – 6 Coefficients(a)**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig.       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------------|
|       |            | B                           | Std. Error | Beta                      | B      | Std. Error |
| 1     | (Constant) | 2.987                       | .243       |                           | 12.300 | .000       |
|       | WE         | .002                        | .055       | .003                      | .044   | .965       |
|       | PA         | .053                        | .045       | .060                      | 1.178  | .240       |
|       | TD         | -.060                       | .037       | -.089                     | -1.623 | .105       |
|       | JR         | .011                        | .035       | .018                      | .307   | .759       |
|       | CD         | -.011                       | .045       | -.013                     | -.234  | .815       |
|       | EP         | -.021                       | .042       | -.029                     | -.497  | .620       |
|       | PP         | .039                        | .041       | .048                      | .971   | .332       |
|       | JA         | .239                        | .039       | .288                      | 6.077  | .000       |

a Dependent Variable: IMP

From the above table it is has been ascertained that Job Autonomy ( $t=6.077$ ,  $p=.000$ ) is statistically significant at 5% level. Therefore it is inferred that in the non-monetary motivational domain, Job Autonomy created a stronger influence on employee commitment since they feel that they are trusted by the organization for their task. This results in higher level of motivation and the employees are more committed to their job as well as to upgrade their career. Similarly Job Autonomy makes the employees to use their personal traits like conscientiousness and extroversion to have a stronger impact on their job performance level. The degree of freedom in job leads to a scope of cultural change in the organization and encourage relationship with great degree of trust between management and employee. Further, the above table also vividly exhibit that the other non-monetary factors like Work Environment, Performance Appraisal, Training and Development, Job Rotation, Career Development, Employee Participation and Promotional Policies which also have a moderate impact on the employees and also on the organization.

## Conclusion

Human Resources are considered as the most important capital of every organization and it plays an important role in realizing organization's objectives. Most researches proved that there is a positive relationship between employee motivation and organization's effectiveness. The study attempted to identify the key factors of employee motivation and its impact on both the employee and on the organizational effectiveness of Information Technology industry in Chennai city. The study found that the monetary factors Emoluments and Fringe benefits motivated the employees to increase their efficiency in their performance and these factors helps them to understand thoroughly the company's constructive policies and optimistic cultural changes of the organization. Further, the study proved that the non-monetary factor Job Autonomy as the most important factor in motivating the employees. The degree of freedom in work and decision making process encourages the employees of the Information Technology companies for better understanding between employer and employees and to bring efficiency in their performance.

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# FACTORS INFLUENCING THE CONSUMERS TO PREFER THE MOBILE PHONE SERVICE PROVIDER IN CHENNAI CITY

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## **Abstract**

Mobile phones service providers have become indispensable for people and moved beyond their essential role of communication. They have become a major source of gaming, browsing, getting information, shopping, mobile banking, entertainment and much more. Nowadays mobile using became part and parcel of human life. Due to availability of huge market potential many players are operating in India. In these brutal competitions, advancement in technology and reduced tariff has pushed the growth of mobile services in India. In the recent past, the industry has made tremendous growth in terms of huge number of subscriber base. In this aggressive competition, mobile phone service provider to offer many services to customers to retain the customer very longer period. Today the customers have wide opportunity to prefer the mobile phone service providers. Therefore, the study has been undertaken to find out the factors influencing the consumers to prefer the mobile phone service providers in Chennai city. To fulfill the objective of the study, factor analysis used and found the four predominant factors of Attractive plans and Tariff, Quality Net work system, Quality customer service and Brand Image of the Company.

**Keywords: Mobile phone service provider, Attractive plans and Tariff, Quality customer service and Brand Image of the Company.**

## **INTRODUCTION**

In India once upon a period mobile phone users are very few due to it was a costlier and luxurious services. Today, the trend has changed because everybody using mobile phone services for their communication and other purpose. Due to economic revolution it became very cheaper. Mobile phones service providers have become indispensable for people and moved beyond their fundamental role of communication. They have become a major source of gaming, browsing, getting information, shopping, mobile banking, entertainment and much more. Nowadays mobile using became part and parcel of human life. Due to availability of huge market potential many players are operating in India. In this brutal competitions, advancement in technology and reduced tariff have propelled the growth of mobile services in India. In the recent past, the industry has made tremendous growth in terms of huge number of subscriber base. In this aggressive completion, mobile phone service provider to offer many services to customers to retain the customer very longer period. Today the customers have wide opportunity to prefer the mobile phone service providers. Therefore, the study has been undertaking to find out the factors influencing the consumers to prefer the mobile phone service providers in Chennai city.

## **REVIEW OF LITERATURE**

**Kim et.al. (2004)** found their study was customer satisfaction towards mobile phone service

provider is strongly supported by call quality, value – added services and customer support. It shows that these factors are very important while choosing a service operator. **Sandhir (2004)** identified their study was customer preference towards mobile phone service provider considering connectivity, coverage, tariff, VAS and customer care. It shows that industry cannot neglect these factors. **Neeraj and Girish (2007)** was identified four factors-customer care services, call rates, promotion and the availabilities, which are the most important factors considered by customers before utilizing the services of an Mobile phone service provider. **Mohammed (2009)** revealed that in Makkah, Saudi Arabia, financial factor is the most important in the selection of an Mobile phone service provider. Moreover, he added that there is no strong tendency among the customers to subscribe to the same service provider among family members and friends. **Karjalnoto et.al.(2010)** identified that customers choice in the context of mobile phones in Finland have been influenced by seven factors, namely-innovative services, multimedia, design, brand and basic properties, outside influence, price and reliability. **Govind Narayan and Priyanka Jain (2011)** found their study was consumers prefer the mobile phone service provider on the basis of reasonable service charges and attractive plans, wide network, service quality and brand image.

## OBJECTIVE OF THE STUDY

The present study's eventual objective is to find out the factors which influence the consumers to prefer the mobile phone service provider in Chennai city.

## RESEARCH METHODOLOGY

To fulfill the objective of present study primary data has been collected from the mobile phone users in Chennai city. In this regard structured questionnaire was developed. To prevent the misinterpretations, the pre-testing of questionnaire was conducted on a pilot group selected from the population. For the purpose of pilot study, a survey of 40 respondents was conducted. After the pilot study necessary modifications was incorporated in the questionnaire and administered the same for final study. There are 12 statements were used to find out the factors influencing the consumers to prefer the mobile phone service provider in Chennai city. A five (5) point likert scale (where least important =1 and very important =5) was used to measure the consumers preference towards mobile phone service provider. Convenience sampling design has been adopted. The total sample size was 400 respondents. To reduce the number variables factor analysis technique adopted and creates the predominant factor. The data has been collected during the period from Jan-20014 to April 2014. The study was restricted to Chennai city only.

## RESULTS AND DISCUSSION

**Table 1**

### Characteristics of the Respondents

| <b>Gender</b> | <b>Frequency</b> | <b>Percentage</b> |
|---------------|------------------|-------------------|
| Male          | 272              | 68.0              |
| Female        | 128              | 32.0              |
| <b>Total</b>  | <b>400</b>       | <b>100.0</b>      |
| <b>Age</b>    |                  |                   |



|                                  |            |              |
|----------------------------------|------------|--------------|
| Below 25 years                   | 120        | 30.0         |
| 26 – 35 years                    | 152        | 38.0         |
| 36 – 45 years                    | 80         | 20.0         |
| Above 46 years                   | 48         | 12.0         |
| <b>Total</b>                     | <b>400</b> | <b>100.0</b> |
| <b>Educational Qualification</b> |            |              |
| Up to HSC                        | 100        | 25.0         |
| UG                               | 142        | 35.5         |
| PG                               | 93         | 23.3         |
| Professional                     | 65         | 16.3         |
| <b>Total</b>                     | <b>400</b> | <b>100.0</b> |
| <b>Monthly Income</b>            |            |              |
| Below Rs.20,000                  | 119        | 29.8         |
| Rs.20,001 –Rs.40,000             | 152        | 38.0         |
| Rs.40,001 – Rs.60,000            | 80         | 20.0         |
| Above Rs.60,000                  | 49         | 12.2         |
| <b>Total</b>                     | <b>400</b> | <b>100.0</b> |

Source: Computed data

Table 1 highlights that Characteristic of the respondents. The total numbers of the respondents were 400, out of which 272(68%) were male and 128(32%) were females. Majority 152(38%) were in the age group of 26-35 years, followed by 120 (30%) were in the age group of up to 25 years, 80(20%) in the group of 36-45 years and 48(12%) in the age group of above 46 years. In connection with educational qualification of respondents, 142(35%) of respondents were under graduates, 100(25%) respondents were up to HSC qualified, 93(23.33%) respondents were PG qualified and 65(16.3%) respondents were professionals.. Total monthly income wise, majority 152(38.0%) of the respondents were in the income group of Rs.20, 001 – 40,000, 119(29.8%) of the respondents were in the income group of below Rs.20, 000, 80(20%) were in the income group of Rs.40,001-.60, 000 and 49(12.2%) or the respondents were in the income group of above Rs.60,000

## FACTOR ANALYSIS

To identify the underlying constructs and investigate the relationship among the variables which were supposed to determine the factors influence the consumer to prefer the mobile phone service provider in Chennai city, factors analysis was applied. Based on earlier literature, a total of 12 variables were selected. To test the sampling adequacy, Kaiser-Meyer-Olkin measure of sampling adequacy was calculated and it was 0.804. It indicates that the sample is good enough for sampling. The overall significance of correlation matrix was tested with Bartlett test of sphericity (Chi-square 1768.124 and significant at 0.00). This shows that the sample size is adequate to reduce the 12 variables into major factors with considerable amount of variance.

**TABLE 1**

| <b>KMO and Bartlett's Test</b>                   |                    |          |
|--|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |                    | 0.804    |
| Bartlett's Test of Sphericity                    | Approx. Chi-Square | 1768.124 |
|  | df                 | 66       |
|  | Sig.               | 0.000    |

Source: Computed data

**TABLE 2**

**COMMUNALITIES FOR FACTORS INFLUENCING THE CONSUMERS TO PREFER THE MOBILE PHONE SERVICE PROVIDER IN CHENNAI CITY**

| <b>Communalities</b> |         |            |
|----------------------|---------|------------|
|                      | Initial | Extraction |
| V 1                  | 1.000   | 0.537      |
| V 2                  | 1.000   | 0.957      |
| V 3                  | 1.000   | 0.520      |
| V 4                  | 1.000   | 0.669      |
| V 5                  | 1.000   | 0.426      |
| V 6                  | 1.000   | 0.707      |
| V 7                  | 1.000   | 0.951      |
| V 8                  | 1.000   | 0.477      |
| V 9                  | 1.000   | 0.664      |
| V 10                 | 1.000   | 0.391      |
| V 11                 | 1.000   | 0.515      |
| V 12                 | 1.000   | 0.536      |

Source: Computed data

Extraction Method: Principal Component Analysis

The above table highlights that communality for factors influencing the consumers to prefer the mobile phone service provider in Chennai city. The variance ranges from 0.391 to 0.957. It implies 12 variables exhibited the variations from 39.1% to 95.7%. This is statistically significant for derivation of factors.

**TABLE 3**  
**TOTAL VARIANCE EXPLAINED FOR FACTORS INFLUENCING THE CONSUMERS TO PREFER THE MOBILE PHONE SERVICE PROVIDERS IN CHENNAI CITY**

| <b>Total Variance Explained</b> |                      |               |              |                                   |               |              |
|---------------------------------|----------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| Component                       | Initial Eigen values |               |              | Rotation Sums of Squared Loadings |               |              |
|                                 | Total                | % of variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| 1                               | 4.118                | 34.313        | 34.313       | 3.094                             | 25.786        | 25.786       |
| 2                               | 1.130                | 9.413         | 43.726       | 1.940                             | 16.167        | 41.952       |
| 3                               | 1.094                | 9.120         | 52.846       | 1.163                             | 9.691         | 51.644       |
| 4                               | 1.009                | 8.404         | 61.250       | 1.153                             | 9.607         | 61.250       |
| 5                               | .974                 | 8.121         | 69.371       |                                   |               |              |
| 6                               | .811                 | 6.756         | 76.127       |                                   |               |              |
| 7                               | .676                 | 5.632         | 81.760       |                                   |               |              |
| 8                               | .613                 | 5.105         | 86.865       |                                   |               |              |
| 9                               | .608                 | 5.067         | 91.932       |                                   |               |              |
| 10                              | .512                 | 4.264         | 96.196       |                                   |               |              |
| 11                              | .403                 | 3.358         | 99.554       |                                   |               |              |
| 12                              | .054                 | .446          | 100.000      |                                   |               |              |

Source: Computed data

Extraction Method: Principal Component Analysis

The above table depicts that the total variance explained for factors of consumer's preference towards the mobile phone service provider in Chennai city. The total 12 variables are reduced into 4 predominant factors with the individual variances (34.313, 9.413, 9.120 and 8.404). The four factors are represented by the considerable number of underlying variables.

**TABLE 4**  
**ROTATED COMPONENT MATRIX FOR FACTORS INFLUENCING THE CONSUMERS TO PREFER THE MOBILE PHONE SERVICE PROVIDERS IN CHENNAI CITY**

| <b>Rotated Component Matrix<sup>a</sup></b> |           |   |   |   |
|---|-----------|---|---|---|
|   | Component |   |   |   |
|   | 1         | 2 | 3 | 4 |
| Tariff                                      | 0.781     |   |   |   |
| Attractive plans                            | 0.704     |   |   |   |
| Internet schemes                            | 0.703     |   |   |   |
| Monthly rental                              | 0.675     |   |   |   |
| Initial subscription cost                   | 0.633     |   |   |   |

|                                  |       |       |       |       |
|----------------------------------|-------|-------|-------|-------|
| Easy formalities for plan change | 0.610 |       |       |       |
| Wide Net work coverage           |       | 0.915 |       |       |
| Offers                           |       | 0.906 |       |       |
| Schemes and services             |       |       | 0.634 |       |
| Response to customers views      |       |       | 0.615 |       |
| Reputation of the company        |       |       |       | 0.773 |
| Advertisement                    |       |       |       | 0.702 |

Source: Computed data

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization <sup>a</sup>

α. Rotation converged in 5 iterations

The above table illustrates that the prime four components which played a significant role for influence the consumers to prefer the mobile phone service provider in Chennai city. The first factor is the most important factor explaining 34.313% out of total variance. In total, six statements load on this factor. Highest loading is for the statement of “Tariff” (0.781), followed by “Attractive plans” (0.704), Internet schemes (0.703), “monthly rental” (0.675), “Initial subscription cost” (0.633) and “Easy formalities for plan change” (0.610). It is named as **“Attractive plans and Tariff”**.

The second factor explains 9.413% out of total variance, which comprises two statements. The highest loading of this statement is “Wide Net work coverage” (0.915) and “Offers” (0.906) which is called as **“Quality of Net work system”**. The quality of net work system plays another important role among the consumers to prefer the mobile phone service providers.

The third factor explains 9.120% out of total variance, which comprises two statements namely “Schemes and services” (0.634) and “Response to customer views” (0.615). It is called as **“Quality of customer services”**.

The fourth factor explains 8.404% out of total variance, which comprises two statements “Reputation of the company” (0.773) and “Advertisement” (0.702), which is named as **“Brand Image of the company”**.

## SUMMARY OF FINDINGS

- The study found that customers prefer the mobile phone service provider on the basis of Attractive plans and Tariff.
- The second important factor among the consumers towards the mobile phone service provider was quality of net work system.
- The vital factor among the consumers to prefer the mobile phone service provider was quality of customer services.

- The last choice of customers to prefer the mobile phone service provider was brand image of the company.

## CONCLUSION

It is observed from the study there are four important factors, viz., Attractive plans and Tariff, quality of net work system, quality of customer service and brand image of the company plays a very significant role among the customers to prefer the mobile phone service provider in Chennai city. Due to aggressive competition, the mobile phone service provider flooded with a attractive plans with low cost of charges to attract the customers, wide net work coverage, quality of services offered to customers and maintain the good brand image. It is concluded that the mobile phone service provider should always to keep the emotional relationship with customers always.

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# CONSOLIDATION IN BANKING INDUSTRY THROUGH MERGERS AND ACQUISITIONS: OPPORTUNITIES AND CHALLENGES

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## ABSTRACT

In the present scenario of the banking industry, the concept of banking consolidation has become a buzzword. The recent upsurge of banking consolidations has attracted the attention of many. The process of globalization and liberalization brought about major changes in the banking industry and has increased the number of bank mergers and acquisitions in most countries. Recent reports on banking sector often indicate that India is slowly but surely moving from a regime of ‘large number of small banks’ to ‘small number of large banks’. Consolidation is becoming a common phenomenon in the modern banking industry for capitalizing on the advantages of huge size, diversifying of loan portfolios to lessen the possibility of failure and harnessing core competencies. The aim of this research paper is to probe into the various opportunities and challenges during consolidation through mergers and acquisitions in banking sector in India. Literature is reviewed to look into the various motivations behind a banks’ merger & acquisition event. Perceptions of the bank managers in select public sector banks in Tiruvallur District are obtained for the purpose of analysis and interpretation.

## Introduction

Consequent to liberalization, globalization, financial deregulation, and technological revolution, unprecedented changes have taken place in markets worldwide. The volatility of the business environment has changed the ways and means by which transactions are carried out. Permanent existence of an enterprise has become very difficult, given the complex and fluctuating nature of the surrounding environment. There is thus, a need for almost continuous streamlining of business organizations.

The objective of the business firms in the new environment is to take measures which would result in high levels of sustained profitability so that the expectations of various stakeholders, and in particular, the shareholders are adequately met. Profitable growth can be achieved internally by developing new product lines, expanding existing capacity, acquiring new assets, moving on to technologically advanced equipment and appreciating the need for investments in research and development. Alternatively, the growth process can be facilitated through various forms of corporate combinations such as absorptions, acquisitions, amalgamations, de-mergers, joint ventures, merges, strategic alliances, takeovers, and so on.

## Consolidation through Mergers & Acquisitions (M&As)

The concept of Mergers and Acquisitions (M&As) has of late become quite popular. It gained a lot of importance after the 1990s when India entered into the Liberalization, Privatization and Globalization (LPG) era. The winds of LPG are blowing over all the sectors of the Indian economy but their maximum impact is seen in the industrial sector. The market has thus become hypercompetitive and in order to avoid unhealthy competition and compete with international and multinational companies, Indian companies

are going for M&A. Mergers may be taken as an abbreviation, which means: M – Mixing, E – Entities, R – Resources for, G – Growth, E – Enrichment and R – Renovation.

Numerous examples of M&A bids can be seen in different industries such as automotive, biotech, business process outsourcing, cement, information technology, manufacturing, metals, oil, pharmaceuticals, power, publishing, real estate, soda ash, steel, telecom, textiles and so on. The financial services industry is not far behind. According to the Reserve Bank of India's Annual Report 2007-2008, the year witnessed maximum mergers in financial services (15.7 percent) and the acquisition activity was also the largest (17.9 percent) in the sector. The underlying cause is the greater degree of liberalisation in the services sector. Consolidation is becoming a common phenomenon in the modern banking industry.

## **Opportunities and Challenges**

### **Opportunities**

- ❖ Consolidation may lead to redeployment and rationalization of such infrastructure, human resources and other administrative facilities thereby undercutting the cost factor. Consolidation will lead to cost efficiency which will enhance profitability.
- ❖ Advanced technology requires substantial investments which may be possible after consolidation.
- ❖ Cutting-edge technology may lead to acceleration of service delivery and broadening of customer relationships.
- ❖ The banking system in India has generally stable and sound in terms of growth, asset quality and profitability. It is because of health, prudent and well capitalized policies and practices implemented by the RBI from time to time.
- ❖ The operational efficiency of banks may improve owing to bigger size. There may be increase in financial capability, output and better pricing of products.
- ❖ The risk management capabilities of the banks may improve after consolidation.
- ❖ Merger creates the opportunity to cross-sell products and leverage alternative delivery channels.
- ❖ Banks can have a greater market access (increased branch network) thereby widening the deposit base.

### **Challenges**

- ❖ The change in the nature and quality of financial products may dissatisfy the customers, even if the products are better.
- ❖ Some of the legal barriers need to be removed to make PSBs active participants in the consolidation process.

- ❖ Mergers are impediment to perfect competition. They may give rise to monopolistic structure and lower competition.
- ❖ In the pre-amalgamation stage itself, the people working in the organisation will possess deferring perspectives on the proposed merger on the fear of unknown.
- ❖ The critical area of HR involved in the consolidation effort through the route of mergers & acquisitions is the assessment of the potential compatibility of cultures.
- ❖ In the post-merger scenario, integration of technology initiatives in a cost-effective manner especially in the wake of varied business strategies is quite challenging.
- ❖ The technology infrastructure, system platforms, network architecture, data base vendors and IT enabled synergies should be compatible in banks desiring to merge.
- ❖ The acquirer bank may have to absorb the entire workforce of the target bank which may push up the wage cost. It also requires the integration of the heterogeneous work cultures.

### Significance of the Study

Consolidation is becoming a common phenomenon in the modern banking industry for capitalizing on the advantages of huge size, diversifying of loan portfolios to lessen the possibility of failure and harnessing core competencies. Cross-border capital flows, international financial integration and merges are becoming synonymous with the globalization process. Indian banks are not able to compete internationally in terms of funds' mobilization, credit disbursal, investments and rendering of financial services due to the limited scope of their business operations. The list of top 1,000 banks of the world issued by The Bankers (London), July 2007 revealed that the State Bank of India (SBI) and ICICI Bank occupied the 70<sup>th</sup> and 147<sup>th</sup> positions respectively in global rankings. Even within the Asian region, the two banks occupied 11<sup>th</sup> and 25<sup>th</sup> places respectively. An attempt is made in this research study to bring out the very concept of consolidation in banking industry in India through mergers and acquisitions and surveying results. It is also focusing on perceptions of the bank managers concerning opportunities and challenges in the consolidation process.

### Review of Literature

**Bhaskar Sinha**, talks about the due diligence process that any bank has to carryout, so that it can assess the mergers and acquisitions in an appropriate manner. **Katuri Nageswara Rao** in his book review, states that mergers and acquisitions in financial services have a place of primacy in the developed economies. Another book review by **Arindam Banerjee and Sanjeev Kumar** examined the bank mergers and highlighted that bank mergers lead to better means towards value creation.

It has been observed by **Niharika Ajjarapu**, that many mergers and acquisitions fail to achieve the desired synergies worldwide because the HR issues are not given due importance they deserve. **Bonaccorsi and Giorgio Gobbi** states that consolidation in the banking industry of many countries has reduced the number of small banks and led to significant shifts in market share. **Y G Sivaram** observed that in the Indian banking sector, there is more talk of takeovers and consolidation and the government



of India have already blessed such moves.

**S S Kohli** realizing the benefits and failures of consolidation, there is a need to evolve standard principles which could incorporate the international best practices in consolidation and avoid the pitfalls in the process. **Gupta S C.** in his article – consolidation and merger of Indian public sector banks is around the corner and in such a situation, when it becomes a reality, will augur well especially for rural financing and the benefits of consolidation and emergence of financially strong and globally competitive new entities in Indian banking.

**Ram Kumar Kakani and Jay Mehta** analysed various motivations for mergers and acquisitions in the Indian Banking Industry. Recent reports on banking sector often indicate that India is slowly but surely moving from a regime of ‘large number of small banks’ to ‘small number of large banks’. **Dalbir Singh** discussed about various HR issues involved in consolidation process. He concluded as, in order to achieve the desired results of the merger exercise especially in banks, one need to recognize the complexities and continuous learning involved in understanding HR perspective of mergers and acquisitions.

**Aditya Puri** highlighted that the consolidation would help the newly-formed entity reach critical mass and competitive global scale, with the market value. **Sanjay Nayar** has attempted to address some of the myths associated with consolidation and private /foreign ownership pertinent to the Indian Banking industry and the issue of size and its criticality to succeed in business.

**Shallu Singh Lobana** identified that the factors favouring growth, enrichment and renovation should be taken into due consideration before stepping into the process of M&As so that Indian Banking Industry will be able to stand right forth the global banking competition hurricane. **Lakshminarayanan** highlighted that in today’s world, banking structures are important and size down matter, however beautiful ‘small’ may be. Consolidation is an inevitable process in the banking sector as banks seek to reap economies of size. **Ranjana Kumar** suggested that the success of consolidation will depend on the willingness of the State Government to let go the controls they have on the cooperatives.

**Deshpande** observed that mergers and amalgamations to be the order of the day and hence it is necessary to put in place a legal infrastructure which will satisfactorily resolve different issues of the different stakeholders like depositors, shareholders and employees. **Birendra Kumar** opined that mergers and acquisitions in the banking sector have significant relevance for the future course of retail banking industry.

The critical analysis of the literature on banking consolidation clearly illustrated the challenges and opportunities as a conglomerate effect. It also notes the distinctive way that the association between challenges and opportunities decide the banking consolidation measurement. Questions have been raised about the efficacy of consolidation by comparing the fascinating opportunities and hampering challenges. This research study aims to look beyond planning and execution level issues that have intended effects over the consolidation of banks. The review concludes that the standardization arguments that predominate in the literature fail to acknowledge the measurements of empirical relationship between challenges and opportunities. It is identified that the shortcomings of these literature create a wide lacuna and the researcher identified the research gap to conduct a study in this unexplored area..

## Objectives of the Study

1. To study and analyse the opportunities during the course of consolidation in the Indian banking industry through mergers and acquisitions.
2. To study and analyse the challenges during the consolidation process in the Indian banking industry through mergers and acquisitions.
3. To study the prevailing gap between opportunities and challenges during the consolidation process in Indian banking industry through mergers and acquisitions.

## Methodology

The methodology of the study is based on the primary as well as secondary data. The study depends mainly on the primary data collected through a well-framed and structured questionnaire to elicit the well-considered opinions of the respondents. The Multi Stage Random Sampling is adopted to obtain the responses from the managers of Public Sector Banks.

## Study area

The study is confined to a few selected Public Sector Banks in Tiruvallur District. For this purpose the following five banks are considered as the sample domain:

1. State Bank of India
2. Indian Overseas Bank
3. Indian Bank
4. Canara Bank
5. Bank of India

The researcher has obtained the responses from 81 managers (Scale I to IV) of select banks rationally.

## Sample Size & Design

A total of 128 questionnaires have been distributed and out of which 92 are received. After the scrutiny of these questionnaires, 11 questionnaires are rejected on account of incomplete responses. Finally, 81 completed questionnaires are used for the present study. The responses collected from the sample group in PSBs are as follows:

|           |                        |   |                         |
|-----------|------------------------|---|-------------------------|
| Scale I   | Assistant Manager      | - | Junior Management Grade |
| Scale II  | Deputy Manager/Manager | - | Middle Management Grade |
| Scale III | Senior Manager         | - | Middle Management Grade |
| Scale IV  | Chief Manager          | - | Senior Management Grade |

## Scaling Technique

The questionnaire of the research consists of statements in Likert's 5-point scale. The responses of the second section are obtained from the bank managers in the 5-point scale, which ranges as follows:

**5 - Strongly Agree; 4 – Agree; 3 – Neutral; 2 – Disagree; 1 - Strongly Disagree Analysis of Data**

The primary data collected from the managers of PSBs are analyzed by using the following statistical tools to obtain a torrent of results concerning the objectives of the study.

1. Factor analysis by Principal Component Method is used to identify the factors of opportunities and challenges during the consolidation in banking industry in India through mergers and acquisitions.
2. One sample t-test is applied to identify the nature of responses of managers about the opportunities and challenges in consolidation in banking industry.

### Analysis and Interpretation

#### Factor Analysis of Opportunities in Consolidation in Banking Industry through M&As

Factor analysis by principal component method is applied on all 18 variables covering various aspects related to opportunities in consolidation in banking industry through mergers and acquisitions. The following results are obtained for the classification of the factors. Table 1 shows this classification.

**Table 1**  
**Number of Factors for Variables of Opportunities in Consolidation in banking industry through Mergers and Acquisitions**

| Component | Initial Eigen values |               |              | Rotation Sums of Squared Loadings |               |              |
|-----------|----------------------|---------------|--------------|-----------------------------------|---------------|--------------|
|           | Total                | % of Variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| 1         | 4.333                | 24.070        | 24.070       | 3.649                             | 20.274        | 20.274       |
| 2         | 3.877                | 21.539        | 45.609       | 3.489                             | 19.382        | 39.656       |
| 3         | 2.878                | 15.987        | 61.596       | 3.266                             | 18.146        | 57.802       |
| 4         | 2.149                | 11.938        | 73.534       | 2.377                             | 13.204        | 71.006       |
| 5         | 1.320                | 7.332         | 80.866       | 1.631                             | 9.062         | 80.067       |
| 6         | 1.134                | 6.303         | 87.168       | 1.278                             | 7.101         | 87.168       |
| 7         | .671                 | 3.726         | 90.894       |                                   |               |              |
| 8         | .545                 | 3.027         | 93.921       |                                   |               |              |
| 9         | .364                 | 2.024         | 95.945       |                                   |               |              |
| 10        | .297                 | 1.648         | 97.593       |                                   |               |              |
| 11        | .210                 | 1.169         | 98.761       |                                   |               |              |
| 12        | .081                 | .451          | 99.212       |                                   |               |              |
| 13        | .073                 | .407          | 99.618       |                                   |               |              |
| 14        | .047                 | .263          | 99.882       |                                   |               |              |
| 15        | .012                 | .066          | 99.948       |                                   |               |              |
| 16        | .008                 | .045          | 99.993       |                                   |               |              |
| 17        | .001                 | .007          | 100.000      |                                   |               |              |
| 18        | 1.28E-016            | 7.12E-016     | 100.000      |                                   |               |              |

Extraction Method: Principal Component Analysis.

From table 1, it is inferred that 18 variables of opportunities in consolidation in banking industry are classified into six major factors. These variables explain 87.168 per cent of total variance. There is a wide range of variance (20.274%) prevailing for the factor ‘Business Transformation’, which indicates the bank managers have extensive range of thoughts for ‘Business Transformation’ during the process of consolidation in the banking industry through merger and acquisitions, whereas the consistent opinion is derived for the factors ‘Common Credit and Risk Models’ and ‘Market Share’. This enables to predict there is a specific strategy adopted by source bank and target bank to settle down the problems in adopting common credit models and market share during the merger and acquisition process. The following table explains the variables and variable loadings on each factor:

**Table 2**  
**Variables and Variable loadings for the Factors of Opportunities in Consolidation in Banking Industry**

| Item No. | Variables/Factors                               | Variable Loadings |
|----------|---|-------------------|
|          | <b>Factor I – Business Transformation</b>       |                   |
| 17       | Revenue Enhancement                             | 0.936             |
| 7        | Product Diversification                         | 0.913             |
| 5        | Improvement in Operational Efficiency           | 0.857             |
| 15       | Cheaper Financial Resources                     | 0.580             |
|          | <b>Factor II – Change Management</b>            |                   |
| 18       | Maximum utilisation of available resources      | 0.892             |
| 2        | Cost reduction through economies of scale       | 0.871             |
| 10       | Increasing focus on retail banking              | 0.762             |
| 11       | Enhanced quest for rural credit                 | 0.670             |
|          | <b>Factor III – Sound Banking Practices</b>     |                   |
| 8        | Geographical spread                             | 0.923             |
| 6        | Enhancement in risk absorption abilities        | 0.816             |
| 1        | Sound banking systems                           | 0.729             |
| 4        | Liquidity strength                              | 0.685             |
| 9        | Tax Shields                                     | 0.596             |
|          | <b>Factor IV – IT Consolidation</b>             |                   |
| 16       | Global Competitiveness                          | 0.903             |
| 14       | Shared CRM & Data warehousing                   | 0.849             |
| 3        | Advanced technology like CBS                    | 0.691             |
|          | <b>Factor V – Common Credit and Risk Models</b> |                   |
| 13       | Common Credit and Risk Models                   | 0.933             |
|          | <b>Factor VI – Market Share</b>                 |                   |
| 12       | Higher Market Share                             | 0.828             |

Table 2 indicates that the opportunities during the consolidation process in banking industry through mergers and acquisitions are determined by six factors namely, ‘Business Transformation’, ‘Change

Management,' 'Sound Banking Practices', 'IT Consolidation', 'Common Credit & Risk Models' and 'Market Share'. From the table 2, it is observed that factor I consists of 4 variables. The second factor consists of 4 variables. Factor III has five variables. Factor IV and V consists of only one variable each.

### Factor Analysis of Challenges in Consolidation in Banking Industry through M&As

In this study, all 16 variables of challenges in consolidation in banking industry through mergers and acquisitions are considered. Factor analysis by principal component method is applied on all 16 variables. The following results are obtained by classification of factors:

**Table 3**  
**Number of Factors for Variables of Challenges in Consolidation in banking industry through Mergers and Acquisitions**

| Component | Initial Eigen values |               |              | Rotation Sums of Squared Loadings |               |              |
|-----------|----------------------|---------------|--------------|-----------------------------------|---------------|--------------|
|           | Total                | % of Variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| 1         | 5.702                | 35.639        | 35.639       | 5.088                             | 31.799        | 31.799       |
| 2         | 3.722                | 23.264        | 58.903       | 3.463                             | 21.641        | 53.441       |
| 3         | 2.650                | 16.560        | 75.463       | 2.882                             | 18.013        | 71.454       |
| 4         | 1.114                | 6.963         | 82.426       | 1.756                             | 10.972        | 82.426       |
| 5         | .737                 | 4.608         | 87.034       |                                   |               |              |
| 6         | .610                 | 3.811         | 90.845       |                                   |               |              |
| 7         | .472                 | 2.949         | 93.794       |                                   |               |              |
| 8         | .315                 | 1.969         | 95.764       |                                   |               |              |
| 9         | .209                 | 1.308         | 97.071       |                                   |               |              |
| 10        | .174                 | 1.086         | 98.157       |                                   |               |              |
| 11        | .111                 | .693          | 98.850       |                                   |               |              |
| 12        | .095                 | .592          | 99.442       |                                   |               |              |
| 13        | .059                 | .371          | 99.813       |                                   |               |              |
| 14        | .019                 | .117          | 99.930       |                                   |               |              |
| 15        | .010                 | .064          | 99.994       |                                   |               |              |
| 16        | .001                 | .006          | 100.000      |                                   |               |              |

Extraction Method: Principal Component Analysis.

Table 3 clearly explains that all 16 variables of challenges in consolidation in banking industry through mergers and acquisitions are grouped into four major factors. All 16 variables explain 82.426 per cent of total variance.

The consolidation threats generate major challenges to the merger and acquisition of banks. It creates major trouble to both source bank and target banks on the grounds of legal problems, breakdowns in personal relationships, lack of product differentiation, competition from foreign banks and low penetration. The large scale variance (31.799 per cent) represents the variation in opinion among the bank officials in underpinning the threats arise at the time of merger and acquisition. On the whole, it is concluded that consolidation threats still confound the bank officials to comprehend various elements of consolidation.

In the midst of technological augmentation the source and target banks are able to resolve the problems easily. But differing perspectives among the work force, talent assimilation and re-skilling of employees are posing major challenges at the time of merger and acquisition. Mathematically, it is closely observed that the variance of opportunities (87.168%) is much larger than the variance of consolidation challenges (82.426%). This inequality clearly indicates the bank officials consistently highlights the challenges impede them during the merger and acquisition process. The following table explains the variables and variable loadings on each factor:

**Table 4**  
**Variables and Variable loadings for the Factors of Challenges in Consolidation in Banking Industry**

| Item No.  | Variables/Factors                                | Variable Loadings |
|---|--|-------------------|
| <b>Factor I – Consolidation Threats</b>               |  |                   |
| 16  | Legal problems                                   | 0.910             |
| 8   | High cost of intermediation                      | 0.893             |
| 15  | Breakdowns in personal relationships             | 0.876             |
| 7   | Lack of product differentiation                  | 0.835             |
| 6   | Competition from foreign banks                   | 0.672             |
| 3   | Customer dissatisfaction                         | 0.663             |
| 5   | Role of monopolistic structures                  | 0.639             |
| 9   | Low penetration                                  | 0.589             |
| <b>Factor II – HR &amp; Regulatory Snag</b>           |  |                   |
| 10  | High level of fragmentation                      | 0.908             |
| 13  | Talent assimilation and re-skilling of employees | 0.878             |
| 4   | Regulatory hurdles                               | 0.762             |
| 11  | Differing perspectives among the work force      | 0.757             |
| <b>Factor III – People and Cultural Compatibility</b> |  |                   |
| 12  | Cross-cultural integration                       | 0.948             |
| 2   | Integration of people                            | 0.799             |
| 14  | Limited flexibility                              | 0.778             |
| <b>Factor IV – Technology Alignment</b>               |  |                   |
| 1   | Alignment of Technology                          | 0.932             |

From the table 4, it is observed that factor I consists of 8 variables and named as “**Consolidation Threats**”. The second factor is named “**HR & Regulatory Snag**” and it consists of 4 variables. Factor III is suitably named “**People & Cultural Compatibility**” and has three variables. Factor IV is named as

“**Technology Alignment**” and it consists of only one variable.

So far, the application of **factor analysis** has reduced the numerous variables of consolidation in banking industry. It has also helped to ascertain the innovative factors of consolidation in banking sector through mergers and acquisitions. Now it is indispensable to analyze the contribution of all variables. The **One Sample t-test** is found suitable for microscopic parametric analysis of all variables. In this test mean, mean values and their significance with the test values provide a torrent of useful results established below. In this t-test, the test value is taken as 3 and 4, which is score of ‘Neutral’ and ‘Agree’ respectively i.e. the option given in the questionnaire. If the mean values are significantly higher than 3, then the conclusion can be drawn suitably in favour of agreement and if the mean value is significantly lower than 3, then the conclusion can be drawn duly in favour of disagreement. If the mean values are significantly higher than 4, then the conclusion can be drawn correctly in favour of strongly agree and if the mean value is significantly lower than 4, then the conclusion can be drawn properly in favour agreement.

One sample t-test is applied on all the variables of opportunities during consolidation process in banking sector.

**Table 5**  
**One Sample t-Test for Opportunities in Consolidation in Banking Industry through Mergers and Acquisitions**

| Variables                                  | N  | Mean   | Test Value | t-value | Significance |
|--|----|--------|------------|---------|--------------|
| Sound banking systems                      | 81 | 3.8642 | 3          | 11.359  | .000         |
| Cost reduction through economies of scale  | 81 | 4.1235 | 3          | 17.481  | .000         |
| Advanced technology like CBS               | 81 | 4.4691 | 3          | 26.331  | .000         |
| Liquidity strength                         | 81 | 4.0370 | 3          | 11.068  | .000         |
| Improvement in operational efficiency      | 81 | 3.9259 | 3          | 12.163  | .000         |
| Enhancement in risk absorption abilities   | 81 | 4.0123 | 3          | 14.639  | .000         |
| Product diversification                    | 81 | 3.9383 | 3          | 12.469  | .000         |
| Geographical spread                        | 81 | 4.3086 | 3          | 16.395  | .000         |
| Tax shields                                | 81 | 3.9753 | 3          | 9.818   | .000         |
| Increasing focus on retail banking         | 81 | 3.6173 | 3          | 8.154   | .000         |
| Enhanced quest for rural credit            | 81 | 3.5185 | 3          | 7.593   | .000         |
| Higher market share                        | 81 | 3.3704 | 3          | 4.024   | .000         |
| Common credit and risk models              | 81 | 4.0247 | 3          | 29.254  | .000         |
| Shared CRM and data warehousing            | 81 | 4.8148 | 3          | 41.787  | .000         |
| Cheaper financial services                 | 81 | 4.4198 | 3          | 20.961  | .000         |
| Global competitiveness                     | 81 | 4.8519 | 3          | 46.625  | .000         |
| Revenue enhancement                        | 81 | 4.1975 | 3          | 12.786  | .000         |
| Maximum utilisation of available resources | 81 | 4.0988 | 3          | 14.125  | .000         |

It is clear from the above table, that the mean values of some of the variables are **significantly**

**greater than 4** at 5 percent level of significance. This shows that the bank managers **strongly agree** with the select opportunities for the purpose of consolidation in banking sector through mergers and acquisitions.

The t-test profoundly reveals that the banking consolidation leans upon cost reduction through economies of scale, geographical spread and advanced technology. The effectiveness of CRM and approaches towards credit and risk models open up fascinating vistas of opportunities during merger process.

It is also clear from the above table, that the mean values of the rest of the variables are **significantly greater than 3** at 5 percent level of significance. This shows that the bank managers **agree** with some of the opportunities for the purpose of consolidation in banking sector through mergers and acquisitions. Tax shields, retail banking and rural credit supplanted their contribution to open new opportunities for effective consolidation process.

One sample t-test is applied on all the variables of challenges in the consolidation process in banking sector.

**Table 6**  
**One Sample t-Test for Challenges in Consolidation in Banking Industry through Mergers and Acquisitions**

| Variables  | N  | Mean   | Test Value | t-value | Significance |
|--|----|--------|------------|---------|--------------|
| Alignment of Technology                          | 81 | 4.2840 | 3          | 25.468  | .000         |
| Integration of people                            | 81 | 4.3704 | 3          | 25.382  | .000         |
| Customer dissatisfaction                         | 81 | 3.3333 | 3          | 3.873   | .000         |
| Regulatory hurdles                               | 81 | 4.1975 | 3          | 20.171  | .000         |
| Rise of monopolistic structures                  | 81 | 3.6420 | 3          | 11.977  | .000         |
| Competition from foreign banks                   | 81 | 3.3210 | 3          | 6.150   | .000         |
| Lack of Product differentiation                  | 81 | 3.6420 | 3          | 9.049   | .000         |
| High cost of intermediation                      | 81 | 3.8889 | 3          | 15.255  | .000         |
| Low penetration                                  | 81 | 3.2469 | 3          | 2.897   | .005         |
| High level of fragmentation                      | 81 | 3.2716 | 3          | 2.541   | .013         |
| Differing perspectives among the work force      | 81 | 4.2716 | 3          | 17.549  | .000         |
| Cross-cultural Integration                       | 81 | 4.3827 | 3          | 25.445  | .000         |
| Talent assimilation and re-skilling of employees | 81 | 4.6173 | 3          | 21.364  | .000         |
| Limited flexibility                              | 81 | 3.7778 | 3          | 9.231   | .000         |
| Breakdowns in personal relationships             | 81 | 3.9753 | 3          | 19.658  | .000         |
| Legal problems                                   | 81 | 3.8519 | 3          | 13.933  | .000         |

It is clear from the above table, that the mean values of some of the variables are **significantly greater than 4** at 5 percent level of significance. Bank managers **strongly agree** that some challenges



pose major problems during the process of consolidation in banking industry. The great impediments arise from alignment of technology, integration of people, talent assimilation and differing perspectives among the work force. These factors hamper the consolidation process and diminishing the probable opportunities in the process of unification.

It is also clear from the above table, that the mean values of the following variables are **significantly greater than 3** at 5 percent level of significance. This shows that the bank managers **agree** with the above challenges which pose impediments during the consolidation in banking sector through mergers and acquisitions. There are no noticeable challenges from the domain of customer dissatisfaction and rise of monopolistic structure. The competition from foreign banks, breakdowns in personal relationships, legal problems and high cost of intermediation contribute moderate obstacles to the process of consolidation.

### Major Findings

- All the 18 variables of opportunities in the consolidation process in the Indian Banking Industry are classified into six major factors.
- All the 16 variables of challenges in the consolidation process in the banking industry are classified in to five major factors.
- The bank managers **strongly agree** with some of the opportunities (cost reduction, advanced technology, geographical spread, shared CRM, Global competitiveness etc) for the purpose of consolidation in the banking sector through mergers and acquisitions.
- The bank managers **agree** with some of the opportunities (sound banking systems, improvement in operational efficiency, product diversification, retail banking, rural credit, market share) for the purpose of consolidation in the banking sector through mergers and acquisitions.
- The bank managers **strongly agree** with some of the challenges (alignment of technology, integration of people, talent assimilation, cultural integration, and differing perspectives among the work force) which are posing major problems during the process of consolidation in the banking sector through mergers and acquisitions.
- It is found that when the sequence converges to 1, implies the successful banking consolidation with consistent and routine challenges against wide and innovative opportunities.

### Conclusion

The issue of bank consolidation assumes significance from the point of view of making Indian banking strong and sound, apart from its growth and development to become sustainable. It is strongly felt in the Indian banking circles that a suitable consolidation process through merger and acquisitions is long due to address some of the structural problems that are being faced by the banking industry in India.

Even if merger of banks is to be accepted as a normal business decision in the banking sector, considering the critical role played by banking in the payment and settlements systems of an economy a merger review process is definitely needed. Protecting the safety and soundness of the financial system

is the most important consideration that will need to be evaluated while examining an application for merger between banks. RBI will necessarily have to be the nodal agency for conducting the merger review process.

In order to leverage the benefits of bigger size, geographic expansion, huge loan portfolios, improved technology, product diversification, global competitiveness, revenue enhancement and risk absorption abilities, Indian banks are gradually but surely moving from a cluster of 'large number of small banks' to 'small number of large banks'. Consolidation will positively magnify the business prospects of the industry in the domestic as well as international market place.

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# RELATIONSHIP OF EMPLOYEE COMPETENCY WITH ROLE/JOB PERFORMANCE COMPETENCY IN IT COMPANIES

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## ABSTRACT

**“...by stretching yourself beyond your perceived level of confidence you accelerate your development of competence” – Micheal J.Gelb**

There has been tremendous development in the field of Information technology industry after globalization. The Information technology sector contributes more than half of India’s GDP. The attrition rate accounted to be 40% in this sector in the recent years. The study gave a different dimension of competency to be considered in the Information technology sector. One of the main implications of this study is to understand the relationship between the employee competency and the competency used in the job or role performed by the employee. This paper will showcase the different behavioral and functional competencies possessed and used in the job or role by the information technology employees.

The benefit of this paper to information technology industry is to give a overview of different competencies of employees and how it is effective in the job or role performance of the employee. The paper also throws light on the perception of employees about competencies. The study was conducted to identify the gap between the competency possessed by the employee and the competency used or performed in their job/role.

**KEY WORDS – Competencies, Behavioral, Functional, Information technology industry, job performance.**

## INTRODUCTION

Information technology (IT) industry in India has played a key role in putting India on the global map. IT industry in India has been one of the most significant growth contributors for the Indian economy. The industry has played a significant role in transforming India’s image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services. The industry has helped India transform from a rural and agriculture-based economy to a knowledge based economy.

The new classification for information technology workers reflect today’s business needs and the changing environment of work. We are moving away from discrete, narrowly focused jobs and into an environment where the complexities of work require broader skills and flexibility. Work assignments may even change on a daily basis. In order to respond to this culture change, the new job classifications encompass a broad array of duties and responsibilities. The competence factors are used to distinguish among the various levels of work within the new classifications. Competencies represent the knowledge and skills required for performing and supporting the business processes. They represent the basis for

creating value in an organization. Competency factors are observable and measurable.

## DEFINITION OF COMPETENCY

**David McClelland (1973)** is often cited as the source or founder of the modern competency. In his article “Testing for competence rather than for intelligence” claims that the content of traditional tests of academic aptitude and knowledge in fact neither predicted job performance nor success. **Boyatzis (1982)** defined competency broadly as “an underlying characteristic that could be a motive, trait, skill, an aspect of their self-image or social role, or body of knowledge which they use.”

**Spencer and Spencer (1993)** viewed competency as “an underlying characteristic of an individual that is causally related to criterion-referenced effective and/or superior performance in a job or situation”. They identified five types of competency characteristics consisting of motives, traits, self-concept, knowledge and skills. First, motives are the things that an individual consistently thinks about or wants that stimulate action. Motives drive, direct and select behavior toward certain actions or goals and away from others. Second, traits are physical characteristics and consistent responses to situations or information. Third, self-concept is an individual’s attitudes, values or self-image. Fourth, knowledge is the information that an individual has in specific content areas. Finally, skill is the ability to perform a certain physical or mental task.

## COMPETENCY FRAME WORK

John Flanagan (1954) grounded Critical Incidents Technique as a precursor to the key methodology used in rigorous competency studies. The idea of testing the competencies, required for efficient performance at a position, was proposed by David McClelland in the early 1970’s. The term competency has been interpreted by various authors/researchers with their unique way of giving meaning to it. Some of the definitions are given below. Boyatzis (1982) described competencies as underlying characteristic of an individual, which are causally (change in one variable cause change in another) related to effective job performance.

## OBJECTIVE OF THE STUDY

1. To do a self assessment of competencies possessed by the employee in the organization
2. To understand the competencies used or performed in their job/role
3. To study the gap between competency possessed by the employee and the competencies used or performed in their job or role.

## RESEARCH STUDY

For the purpose of assessment the researcher identified 21 competencies which include both behavioral and functional competencies. The competencies are interpreting information, communication, compiling written information, analysis/Reasoning, creative and innovative thinking, critical and analytical, problem solving, accountability and dependability, adaptability and flexibility, customer focus, development and continual learning, result focus and initiative, stress tolerance, tact, persuade others, integrity, interpersonal skill and team work, business alignment, coaching and mentoring, leadership and planning and organizing.

Simple random method was used to collect the data from the respondents. 208 employees from the Information technology organization were given a structure questionnaire for the survey. A gap analysis between the level of each competency possessed by the employee with the competency used or performed in their job/role for all 21 competencies were assessed.

## RESULT AND CONCLUSION

| Sl.no | Competencies                       | Employee Competency |      | Job/Role performance competency |      | sig   | Gap   |
|-------|------------------------------------|---------------------|------|---------------------------------|------|-------|-------|
|       |                                    | Mean                | SD   | Mean                            | SD   |       |       |
| 1     | Interpreting Information           | 4.28                | 0.68 | 4.12                            | 0.62 | 0.007 | -3.74 |
| 2     | Communication                      | 4.25                | 0.75 | 4.15                            | 0.54 | 0.14  | -2.35 |
| 3     | Compiling written information      | 4.21                | 0.87 | 4.17                            | 0.52 | 0.52  | -0.95 |
| 4     | analysis/Reasoning                 | 4.26                | 0.72 | 4.12                            | 0.58 | 0.57  | -3.29 |
| 5     | Creative and Innovative Thinking   | 4.14                | 0.74 | 4.01                            | 0.52 | 0.39  | -3.14 |
| 6     | Critical and analytical thinking   | 4.12                | 0.75 | 4.17                            | 0.48 | 0.44  | -1.2  |
| 7     | Problem solving                    | 4.13                | 0.75 | 4.02                            | 0.59 | 0.257 | -2.66 |
| 8     | Accountability and Dependability   | 4.17                | 0.79 | 4.26                            | 0.54 | 0.181 | -2.11 |
| 9     | Adaptability and flexibility       | 4.06                | 0.88 | 4.16                            | 0.45 | 0.169 | -2.4  |
| 10    | Customer Focus                     | 4.09                | 0.85 | 4.08                            | 0.67 | 0.925 | -0.24 |
| 11    | Development and continual learning | 3.99                | 0.96 | 4.13                            | 0.54 | 0.136 | -3.39 |
| 12    | Result Focus and initiative        | 4.15                | 0.75 | 4.12                            | 0.58 | 0.634 | -0.72 |
| 13    | Stress Tolerance                   | 3.60                | 0.97 | 4.15                            | 0.58 | 0     | -13.3 |
| 14    | Tact                               | 3.77                | 0.85 | 4.02                            | 0.55 | 0     | -6.22 |
| 15    | Persuade others                    | 3.92                | 0.88 | 4.11                            | 0.53 | 0.007 | -4.62 |
| 16    | Integrity                          | 4.04                | 0.82 | 4.11                            | 0.52 | 0.327 | -1.7  |
| 17    | interpersonal skill and team work  | 4.08                | 0.87 | 4.05                            | 0.53 | 0.775 | -0.74 |
| 18    | Business alignment                 | 3.97                | 0.88 | 4.00                            | 0.61 | 0.554 | -0.75 |
| 19    | Coaching and Mentoring             | 4.08                | 0.79 | 4.07                            | 0.49 | 0.907 | -0.25 |
| 20    | Leadership                         | 3.84                | 0.90 | 4.01                            | 0.49 | 0.025 | -4.24 |
| 21    | Planning and Organizing            | 3.97                | 0.80 | 4.01                            | 0.57 | 0.583 | -1    |

It is observed from the above table that there is a significant difference between competency possessed by the employee and the competency used or performed in their job/role in 5 competencies namely interpreting information, stress tolerance, tact, persuade others and leadership.

### Interpreting Information Competency:

The table depicts that the interpreting information competency of the employee is Mean=4.28,

where as the role or job requirement of the same is Mean=4.12 and  $p=0.007$  is statistically significant at 5 % level. The gap analysis among the mean value is 3.73% between the level of competency possessed by the employee and the level of competency required to perform the job/role. This depicts that the Information technology employee posses high level of interpreting information competency whereas it is not fully utilized in the job or role performed by the employee.

**Stress Tolerance:**

The table depicts that the Stress Tolerance competency of the employee is Mean=3.60, where as the role or job requirement of the same is Mean=4.15 and  $p=0.00$  is statistically significant at 5 % level. The gap analysis among the mean value is 13.3% between the level of competency possessed by the employee and the level of competency required to perform the job/role. This depicts that the Information technology employee posses low level of Stress Tolerance competency whereas it is required more in the job or role performed by the employee.

**Tact:**

The table depicts that the Tact competency of the employee is Mean=3.77, where as the role or job requirement of the same is Mean=4.02 and  $p=0.00$  is statistically significant at 5 % level. The gap analysis among the mean value is 6.22% between the level of competency possessed by the employee and the level of competency required to perform the job/role. This depicts that the Information technology employee posses low level of Tact competency whereas it is required more in the job or role performed by the employee.

**Persuade Others:**

The table depicts that the Persuade others competency of the employee is Mean=3.92, where as the role or job requirement of the same is Mean=4.11 and  $p=0.007$  is statistically significant at 5 % level. The gap analysis among the mean value is 4.62% between the level of competency possessed by the employee and the level of competency required to perform the job/role. This depicts that the Information technology employee posses low level of Persuade others competency whereas it is required more in the job or role performed by the employee.

**Leadership:**

The table depicts that the Leadership competency of the employee is Mean=3.84, where as the role or job requirement of the same is Mean=4.01 and  $p=0.025$  is statistically significant at 5 % level. The gap analysis among the mean value is 4.24% between the level of competency possessed by the employee and the level of competency required to perform the job/role. This depicts that the Information technology employee posses low level of Leadership competency whereas it is required more in the job or role performed by the employee.

**FINDINGS**

The study findings are:

1. The researcher identified 5 competencies where there is a gap between competency possessed

by the employee and the competency used for performing the job or role

2. First competency Interpreting information is a functional competency. The information technology employees possess high level of interpreting information competency when compared to the level that is required in the job or role. So the employee needs to be mapped to the right role or job where this competency can be fully utilized.
3. Second competency stress tolerance is a behavioral competency. The information technology employees possess low level of stress tolerance competency when compared to the level that is required in the job or role. So the employee needs to be trained in this competency to equivalent the level required in the role or job.
4. Third competency Tact is a behavioral competency. The information technology employees possess low level of Tact competency when compared to the level that is required in the job or role. So the employee needs to be trained in this competency to equivalent the level required in the role or job.
5. Fourth competency Persuade others is a behavioral competency. The information technology employees possess low level of Persuade others competency when compared to the level that is required in the job or role. So the employee needs to be trained in this competency to equivalent the level required in the role or job.
6. Fifth competency Leadership is a Managerial competency. The information technology employees possess low level of Leadership competency when compared to the level that is required in the job or role. So the employee needs to be trained in this competency to equivalent the level required in the role or job.

## CONCLUSION

The study has been attempted to identify the gap between the competency possessed by the employee and the competency required for the performance of their job or role. It has been identified out of 21 competencies considered by the researcher 5 competencies where the gap was identified. There is no significant difference between the competency possessed by the employee and the competencies used or performed in the job or role with the remaining competencies.

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## **HR CHALLENGES FACED IN THE HOSPITALITY INDUSTRY WITH SPECIAL REFERENCE TO HOTEL INDUSTRY IN CHENNAI.**

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### **ABSTRACT**

The hospitality industry caters to people, and successful hospitality ventures make it a priority to expertly serve their guests. A role of the HR department in this endeavour is to recruit good employees and train them to become great employees who enjoy serving others, achieving a high level of customer service. It's role also encompasses compensation and benefits administration.

The HR department is a champion of employee morale, creating employee programs that will allow the continued growth of a superior level of morale. The HR department also fosters employee development through mentoring both management and line staff, and guiding them through the various steps to actualising their goals. HR might create specific plans for staff members to follow, applauding successes and providing direction for areas needing attention.

### **INTRODUCTION**

Basically HRM is a series of integrated decisions that form the employment relationship. Whether these decisions are efficient and consistent with one another directly influences the ability of the company and its employees to achieve its objectives. Hospitality businesses provide series of services and so employees should take into account individual preferences of each customer.

The hospitality industry in India has witnessed a robust growth during the yesteryears. According to a CRISIL report, Indian hospitality sector has observed an increase in both leisure and business travel. The outlook for the Indian hospitality business is extremely positive and bright because there are tremendous opportunity to capitalize on. In spite of these signs of development, there are a number of threats and challenges before the hotel sector which need attention of the policy makers to enable unhindered development of the industry.

The hospitality industry in its diversity, includes a variety of business ranging from hotels and restaurants to membership clubs and tourism-related enterprises. They rely on a multitude of jobs and employment conditions; jobs that require an array of skills. The industry employs a younger workforce with more educational and ethnic diversity than other industries. Human resources orchestrates this diversity as an advocate for both the organization and employees.

### **HUMAN RESOURCE MANAGEMENT: A TROUBLING ISSUE**

The hospitality industry has been facing the problem of inadequacy of quality human resources. If the number of hotels have to increase to meet the demand, it is pertinent that quality human resources are developed and for the international brands or global biggies need to open their own schools for developing people in tune with the changing requirements. The training people need to cover the skill

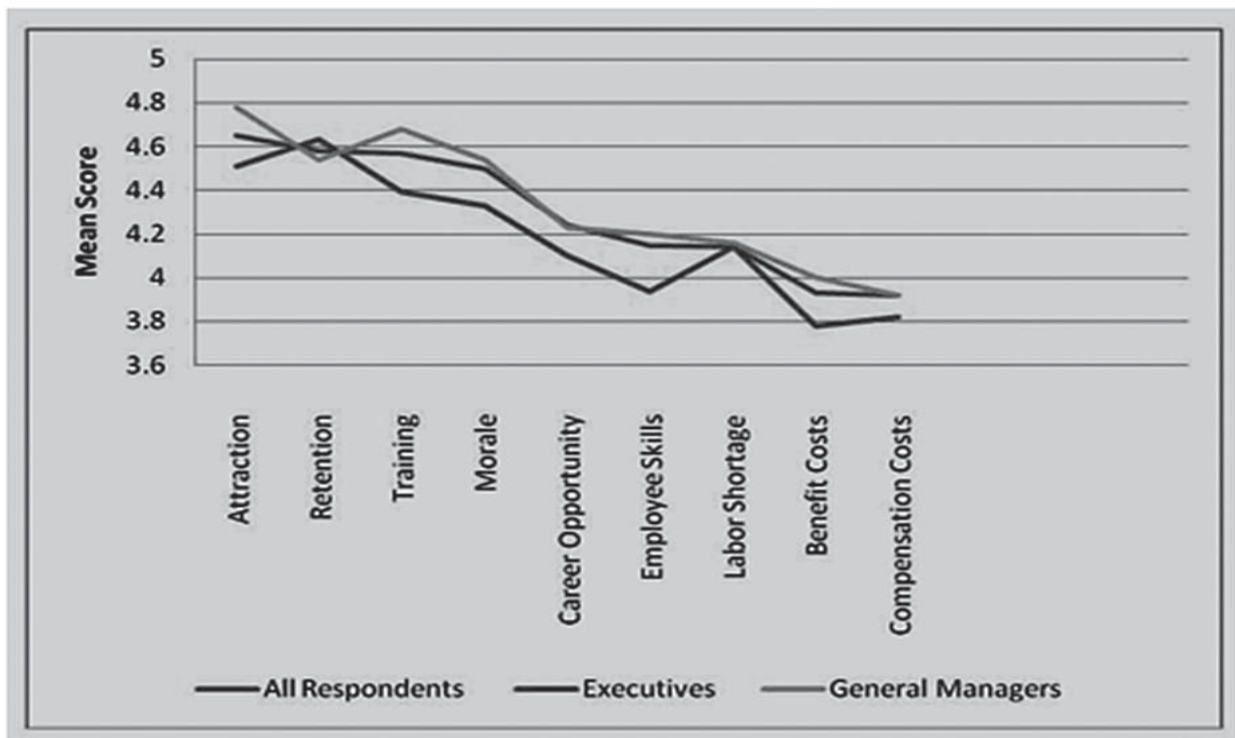
development in general for fresh candidates, specialized skill development including language courses and training of trainers programmes. The motive is to increase the supply of quality human resources

In a recent survey of 243 managers, human resource management issues were identified as the most troubling for property-level general managers and corporate executives. Persistent problems often are the source of worry and lost sleep for managers in the highly competitive lodging industry. In a recent survey of 243 managers, human resource management issues were identified as the most troubling for property-level general managers and corporate executives. The study, administered in cooperation with the Center for Hospitality Research at Cornell University, identified a common set of shared problems that impede the ability of industry leaders to manage effectively. While economic, environmental, customer-need and operating cost issues surfaced from the open-ended questions in the survey, 64 percent of respondents from six different regions of the world reported human resource issues of attraction, retention, training and morale were their key areas of concern.

### HR RETENTION

As the survey data in the exhibit below reveals that general managers were more concerned with attracting talent, while executives expressed more concern with retaining people throughout time. Executives and general managers agreed the next two important areas of concern were the quality and consistency of training and employee morale. Finding time to train was a challenge expressed by many hotel managers, while executives said finding top talent for general manager positions was becoming more difficult. Competitive pressures were mentioned often as impediments to devoting time and resources to training staff properly.

**Exhibit 1: Importance of human resource concerns (means) by position**



| Concern            | All respondents | Executives | General managers |
|--------------------|-----------------|------------|------------------|
| Attraction         | 4.65            | 4.51       | 4.78             |
| Retention          | 4.58            | 4.63       | 4.54             |
| Training           | 4.57            | 4.39       | 4.68             |
| Morale             | 4.50            | 4.33       | 4.54             |
| Career opportunity | 4.24            | 4.10       | 4.23             |
| Employee skills    | 4.15            | 3.94       | 4.20             |
| Labor shortage     | 4.14            | 4.14       | 4.16             |
| Benefit costs      | 3.93            | 3.78       | 4.00             |
| Compensation costs | 3.92            | 3.82       | 3.92             |

### TRAINING, MORALE AND SKILL LEVELS

General managers place greater importance on employee morale and the lack of employee skills than executives, who worry more about retention. Unmotivated staff and the lack of experience are common hurdles to providing quality service. Balancing skilled and inexperienced employees are viewed as operational challenges that often created morale problems. Many noted the stress of the work and linked too few rewards as an explanation for why employee morale is low. Aligning employees and company objectives to get staff to go the extra mile is viewed as a challenge, and morale issues often are linked to ongoing turnover problems that affect the ability of staff to deliver service standards effectively. With falling occupancies and staff layoffs, the concern for labor shortages might have receded during recent months, but new HR challenges are likely to emerge.

This study confirms suspicions that a common set of shared problem impede the ability of hospitality leaders to manage effectively. The HR challenges mentioned in this study should be given serious attention by industry leaders, and their resolution viewed as an opportunity to think differently about how to address these problems. What HR issues will the industry face when it emerges from the current economic slowdown?

Rather than view key HR issues as an unchangeable fixture of the industry landscape, or unimportant in difficult economic times, now is the time to explore new solutions. To gain a sustainable competitive advantage in an increasingly challenging business environment, innovation in human resource management is needed. While some have come to accept the reality of low skills, high turnover and low morale, such as those in this study who worry and fret about how to improve their circumstances, perhaps it's time for the industry to work together to make the jobs more attractive, the career paths clearer and investments in training more impactful.

### HOSPITALITY INDUSTRY : A TRANSITION - CHALLENGES FOR HR

Hospitality industry in India is no stranger to this maxim and now finds itself in the midst of yet another change as the hands of time whirl on. As the sector transits from a period widely accepted as the 'Golden Age of the Indian Hospitality Sector' to one that could well be known as that of the 'Golden Handshake'. The challenge for the Hotel Human Resource (HR) department in the year 2009 would, thus, be in keeping the employees motivated as well as informed about

the fall out of the global meltdown, which could impinge on the work environment in terms of job security, reduced growth avenues, and compensation. It will not be easy for employees to rein in their needs and aspirations and changing their mindsets will be the next challenge for HR. The scenario requires precise and timely communication with employees apprising them of the situation. The drastic shift in world economies has led to emotional upheavals and turmoil for the employees, which would need to be identified and appropriately managed. Most employees, having not witnessed an era of pink slips and pay cuts, would also need to be psychologically counselled to avoid feelings of failure, insecurity, rejection and restlessness. On a more positive note the supply-demand imbalance in the Indian Hospitality industry means that for the average and good employees, the market still remains strong in the medium to long term. Therefore, the numbers of hotels that are likely to come up are going to ensure that there will be job opportunities in the medium to long term. This is certainly a bright spot compared to other sectors that currently look bleak.

## **COMPETENCY MAPPING**

These difficult times would test the strength of the leadership, who would not only be responsible for managing the operations and improving the bottom lines but also providing emotional stability to their staff. The proverbial 'pat on the back' and 'sharing and bonding' with employees will make a come back as most managers believed that emotional bonding between employees had evaporated with 'scarcity of time'. The credibility and openness of the leader is very important for motivating employees in roughing the conditions till the next fair weather patch as dissatisfaction spreads faster when employees lack faith in the abilities of the leadership, which eventually leads to lower quality services.

Skills set comprising of experience, maturity, intransience, and ability to withstand pressure would become even more crucial. The younger workforce, too, would stand in good stead to imbibe these values and let arrogance give way to humility. Moreover, they should look at longer stints within companies where they can learn the trade rather than short career jumps across companies driven by money factors

It would be a golden opportunity for companies to attract good talent and enhance their capabilities in the long run. Regional players, boutique operators and independent owners should stretch themselves to find and attract human talent across the spectrum. The timing is perfect to invest in human talent at a more realistic price. With hotel professionals from other industries - such as real estate, health care, aviation and retail - desiring to come back to hospitality, it may be predicted that we are standing on the threshold of a reverse flow of hotel professionals from other sectors to hospitality. Hotel professionals in India are very myopic in the view of their employment needs as they prefer to work with only established, large brands. Unlike, counterparts in the West who take calculated risks and are willing to explore work with small and unorganised players, Indian professionals are relatively averse to risk and try to play it safe. Research shows that professionals who take the extra risk and are entrepreneurial in nature gained considerably more both in terms of job enhancement, satisfaction and growth in their careers. Small players/independent owners can provide a very attractive enriching career option that can be financially viable for professionals in providing a stable long-term career as both parties are well protected by tailor-made contracts and commitments.

## **LEADERSHIP TRAITS IN HOTEL INDUSTRY**

The role of the General Manager in the near future would be the toughest as he/she would face a

new reality of shrinking revenues, demanding market, a greedy customer and low morale of employees. General Managers will have to lead their teams directly from the front by connecting with their customers. They will have to be bold, aggressive, risk takers and willing to share their dream everyday with their team. Moreover, General Managers need to build in their team members a positive atmosphere and firm belief in a better and not-so-distant future. Recognition, reward and reprimand to the employees have to be quick, controlled and managed effectively on a day-to-day basis. He/she needs to be dynamic to meet the new challenges each day, along with being a visionary. The prior focus on rooms would have to be widened to encompass Food & Beverages (F&B) as that is where the future revenues would be coming from.

The function of Sales and Marketing would be under a lot of stress. Gone are the days where rooms were full due to the market dynamics and a feel-good factor of the Indian economy. Sales and marketing professionals have to 'reach out' and connect every day with their potential targets and audiences. New strategies and innovative pricing along with a demanding customer shall be the call of the day. Virtues and skills such as experience, humility, energy and enthusiasm that had disappeared from the Sales vocabulary in the last three years have to be demonstrated by all the sales professionals. Suddenly the Role of E-marketing, revenue management, and channel partners will increase and become robust as the second line of sales will flow through these measures.

## **EMERGENCE OF BUDGET HOTELS**

Traditionally, Indian hotels have been a mix of Luxury, First-class and Mid Market properties that have been able to nurture the classical hospitality professionals. However, with the recession on and Corporate India giving way to moderation, studies have led to believe that Budget hotels with quality without frills will dominate the market in the coming years. The slew of mid market and budget brands - such as Premier Inn, Ibis, Red Fox, Hometels, Fortune Select - have already captured the imagination with their value products. This would also breed a new hotel professional completely different in attitude and aptitude from the existing pool of Indian Hospitality professionals, who will have to acknowledge their presence and emergence.

## **RESEARCH METHODOLOGY**

### **Objectives of the study**

The following are the objectives taken for the purpose of the study

1. To study existence of good and harmonious relationship between employers and employees in the hotel industry.
2. To ensure availability of skilled personnel to suit the needs of the hotel industry.
3. To analyse that the recruited personnel are provided sufficient training in the respective areas as per the needs of the hotel industry.
4. To ensure that the personnel are provided sufficient incentives both monetary and non-monetary (recognition, promotion ,etc) to enable employee retention.

## Research Tool

Questionnaire is the research tool used in the study and it consists of 20 statements pertaining to HR issue and challenges. The statements were responded by the employees in the hotel industry and has been designed using Likert's 5 point scale which ranges from strongly agree to strongly disagree.

## Sample size & data collection

The researcher applied simple random sampling method to obtain the responses from the employees. The researcher focused only on star hotels with adequate HR practices.

The researcher collected around 100 responses from different levels of from different levels of employees in the hotel industry to exactly ascertain the HR issues and challenges.

## Data Analysis

The researcher used t-test, f-test and factor analysis by Principle - Component method and KMO Bartlett's test.

## ANALYSIS & INTERPRETATION

In this section, the researcher intended to identify the issues and challenges pertaining to HR. The impact of HR issues and challenges are measured in the form of individual efficiency, organizational efficiency and productivity. At first, the researcher intended to derive the predominant HR issues in hotel industry.

The factor analysis by Principle Component method is applied on 20 variables of HR issues and the following are the outcome of the research.

**TABLE -1**  
**KMO and Bartlett's Test**

|  |      |          |
|--|------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |      | .865     |
| Bartlett's Test of Approx. Chi-Square Sphericity | df   | 2329.223 |
|  | Sig. | 190      |
|  |      | .000     |

**Communalities**

|     | Initial | Extraction |
|-----|---------|------------|
| A1  | 1.000   | .399       |
| A2  | 1.000   | .306       |
| A3  | 1.000   | .363       |
| A4  | 1.000   | .499       |
| A5  | 1.000   | .459       |
| A6  | 1.000   | .543       |
| A7  | 1.000   | .349       |
| A8  | 1.000   | .381       |
| A9  | 1.000   | .417       |
| A10 | 1.000   | .514       |
| A11 | 1.000   | .460       |
| A12 | 1.000   | .393       |
| A13 | 1.000   | .605       |
| A14 | 1.000   | .446       |
| A15 | 1.000   | .492       |
| A16 | 1.000   | .644       |
| A17 | 1.000   | .516       |
| A18 | 1.000   | .517       |
| A19 | 1.000   | .314       |
| A20 | 1.000   | .513       |

Extraction Method: Principal Component Analysis.

From the above table, it is found that the KMO measure of sampling adequacy is 0.865 and Bartlett’s test of sphericity with approximate chi-square values is given by 2329.223, p = 0.000 are statistically significant at 5% level. This indicates that factor analysis is appropriate to apply on the 20 variables to derive the predominant factors as shown in the following total variable scale.

**Total Variance Explained**

| Component | Initial Eigenvalues |               |              | Rotation Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-----------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| 1         | 5.388               | 26.942        | 26.942       | 2.696                             | 13.480        | 13.480       |
| 2         | 1.360               | 6.801         | 33.743       | 2.387                             | 11.936        | 25.417       |
| 3         | 1.244               | 6.220         | 39.962       | 2.218                             | 11.092        | 36.509       |
| 4         | 1.137               | 5.687         | 45.649       | 1.828                             | 9.140         | 45.649       |
| 5         | 1.064               | 5.320         | 50.970       |                                   |               |              |
| 6         | .993                | 4.965         | 55.935       |                                   |               |              |
| 7         | .943                | 4.717         | 60.651       |                                   |               |              |
| 8         | .884                | 4.418         | 65.069       |                                   |               |              |
| 9         | .837                | 4.185         | 69.254       |                                   |               |              |
| 10        | .754                | 3.772         | 73.026       |                                   |               |              |
| 11        | .685                | 3.427         | 76.454       |                                   |               |              |
| 12        | .669                | 3.347         | 79.800       |                                   |               |              |
| 13        | .615                | 3.077         | 82.877       |                                   |               |              |
| 14        | .576                | 2.878         | 85.755       |                                   |               |              |
| 15        | .566                | 2.831         | 88.586       |                                   |               |              |
| 16        | .547                | 2.734         | 91.320       |                                   |               |              |
| 17        | .485                | 2.424         | 93.744       |                                   |               |              |
| 18        | .448                | 2.240         | 95.984       |                                   |               |              |
| 19        | .412                | 2.059         | 98.043       |                                   |               |              |
| 20        | .391                | 1.957         | 100.000      |                                   |               |              |

Extraction Method: Principal Component Analysis.

From the above table .it is found that 20 variables are reduced into 4 predominant factors with total variance of 45.649 and individual variances are 13.480%, 11.936%, 11.092% and 9.140%repectively. The factors described are clearly explained in the following variable loadings.

The first factor consists of four variables:

1. There is a cordial relationship between employers and employees in hotels.(0.399)
2. Employers are open to the suggestions given by the employees.(0.306)
3. The employees have trust and openness towards their employers (0.363)
4. The employers are ready to give job autonomy to maintain optimistic relationship with the employees.(0.499)

Therefore, this factor can be named as **“Conducive Relationship Factor”** .

The next factor consists of another set of four variables :

1. The employees recruited are aptly qualified personnel who perfectly fit into the requirement of the hotel industry (0.459)
2. The employees possess the required know –how to justify their recruitment.(0.543)
3. The employees in the higher cadre are experienced personnel (0.349)
4. The employees are compatible to any department within the hotel industry (0.381)

Hence, this factor can be called as **“Competency Factor”**

The next set of four variables relate to the following:

1. A considerable set of recruited employees are trained personnel (0.417)
2. Employees were found quite obliging to the concept of being trained even if they were well equipped.(0.514)
3. The employees of the higher cadre were willing to provide training to the fresh recruits (0.460)
4. There relationship between the employees in the capacity of trainers and trainees were found very amicable (0.393)

As such, this factor is identified as **“Expertise Factor”**

The final factor variants are as under mentioned :

1. There was a system of employee appraisal within the hotels (0.605)



2. The employees were aware of the existence of the performance appraisal (0.446)
3. Incentives schemes were well defined and clearly earmarked with proper yardsticks (0.492)
4. The methods of providing incentives both monetary and non- monetary were found to be good and were to the utmost satisfaction of the employees.(0.644)

Therefore, the above factor is called “**Reward Factor**”

## **FINDINGS &CONCLUSION**

To summarise, the hospitality sector in India is fundamentally strong and well placed for further growth and consolidation across all levels of the market. Human resources along with key stakeholders will play a crucial role in managing and balancing the hopes and despairs of their employees as the sector makes a transition in the fallout of the global meltdown. However, it is at times such as these that the light at the end of the tunnel shines more brightly and through it signals the industry to innovate and advance.

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## THE LUXURY MARKET IS GOING GREEN: BRANDS CAN'T AFFORD TO IGNORE IT

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### Abstract

The world is contemplating a future where environmental challenges must be faced head on. *Luxury has recently been a target for public criticism.* The luxury industry is not an exempt, with resource shortages, climate change and increasing consumer expectations of luxury brands ever-more prominent issues. The typical 'green' consumer is no longer certain to be a fashion-challenged; **they also** look for social responsibility before making a purchase. With the growing emphasis placed on Environmentally-conscious developments, more and more companies are opting to "go green" as well as an accompanying increase in corporations' marketing strategies to persuade consumers that their product is more ecologically mindful than their opponents. Consumers are searching for luxury brands produced by ethical and socially responsible companies at an increased rate, and are willing to pay more for these brands. Two major stereotypes of green products have made some companies wary to market themselves as environmentally friendly. Luxury brand companies now see sustainability as a way to differentiate themselves from competition. The past decade has brought about great advances in environmentally-friendly consumer goods and services, yet many remain hesitant to shift their advertising campaigns to incorporate green initiatives. The global tide of conspicuous consumption is turning away from traditional status symbols of the past and moving toward products and brands that support sustainability. This paper brings out the prevailing trend in luxury industry and the revolutionizing change in behavior of green consumers' outlook towards luxury brands going green.

**Keywords:** green luxury; sustainability of luxury brand; environmental friendly luxury brand

### Introduction

Luxury is a fashionable word used by many companies and brands who are not in fact implementing a luxury strategy, but a fashion strategy or a premium strategy. For instance L'Oreal Group can hardly be seen as a luxury group: it does not define itself as such. It's most known brand L'Oreal Paris is sold only in supermarkets, as well as Garnier, Maybelline etc... Surely there is a prestige division with Lancôme as flagship – a mass prestige brand- and the fragrance licenses of major luxury or fashion brands. Yet both activities do not qualify as luxury due to their mass production and the predominance of quantitative goals over qualitative rare excellence.

However, as Green becomes more and more mainstream, the focus has shifted from individual sacrifice (time, money, quality) towards collective sustainability – that is, people are adjusting their habits to promote environmental sustainability, and demand that companies behave similarly. Companies have been slow to pick up on their consumers' goals of curtailing their individual environment influences, but are now starting to relate the growing demands for eco-consciousness with profitability.

A major road block that most of the luxury fashion brands face in their 'green endeavors' compared

to other brands operating in different segments of luxury is that the end product needs to be not only eco friendly, it needs to be developed within the parameters or processes that are followed in making the brand luxurious and moreover cannot compromise on what makes the product truly fashionable.. To give due credit luxury fashion giants have been taking initiatives like Gucci which recently unveiled the brand's first-ever collection of handbags created with leather certified by the Rainforest Alliance. The leather is produced under strict controls to limit deforestation, a huge problem in the Amazon. Even luxury House Hermés has launched its Petit H, a crafts-based laboratory that creates collections from the excess materials or rejects of Hermés mainline production. For luxury consumers, an increasing number are looking to a **company's environmental practices** before making a purchase.”

Nevertheless, in many other luxury sectors, a 100% move to ethical trade and green concerns today would hurt the quality of their products. However, silently, all luxury groups have adopted the high goal of becoming sustainable luxury models.

### **Luxury in past**

Until a few years ago, ‘sustainability’ and ‘luxury’ were considered incompatible, if not entirely opposing philosophies. The common belief was that a ‘one-of-a-kind’ luxury product need not be created in a sustainable manner. *To many people, ‘sustainable luxury’ is a term that might best be found in the dictionary under the entry for ‘oxymoron’...After all, luxury often carries with it connotations of excess and waste, and it is associated with fashion, an industry of fads that change at least as quickly as the seasons.*” – New York Times, March 2009.

### **Luxury in recent times**

A paradigm shift is taking place as luxury brands recognize that some high-end consumers, especially affluent women, who are becoming more environmentally conscious. Luxury brands are embracing sustainability and the reason why concept of sustainable luxury has emerged.

A deeper analysis reveals that Luxury and Sustainable Development converge: both focus on rarity and beauty. The essence of real luxury is to sell high quality, creative and rare objects with an image of good taste and elegance. Historically luxury was the privilege of those who had money, taste and power. Recently its growth – and deviation- is due to an over-extension of its consumer basis, through accessible mass produced accessories which cannot be qualified as luxury products, even if they are endorsed by luxury brands. But the recession will put luxury back into its rightful place.

Beyond the brand exclusive image, luxury value is based on its objective rarity –rare skins, rare leathers, rare pearls, rare materials, and rare craftsmanship. Thus luxury is resource dependent and obsessed by the sustainability of its resources: high prices limit the demand and are the best way to protect the future of these resources, what most threatens the resources of the planet is mass production, not small productions. The over consumption of plastic packaging of mass consumer goods (bottled water for instance) far exceeds the recycling capacities of the world. Well sophisticated wrappings around luxury products, as a symbol of a gift to oneself or another person, are a tiny drop compared to this ocean of neglected ecological damages, more so if the paper today is recyclable but on other hand, perspective of Luxury is looked as the enemy of the throwaway society.

**1. Ethical and Green Luxury:** Leading luxury companies such as LVMH (Louis Vuitton Moët Hennessy) Gucci and Tiffany are incorporating social and environmental responsibility in their manufacturing practice

**2. Slow Fashion:** Companies such as the Internet retailer Adili and Ana Livni focus on the ‘slow fashion’ concept, where products are ‘trans-seasonal’<sup>3</sup>, made from sustainable materials and use local resources. These products help reduce excess waste that is often associated with single-use/fast fashion products by promoting quality, durability and versatility, and local Make-to-order production.

### **Key to successful green strategy**

Luxury brands who want to gain a competitive advantage by leveraging sustainability need to evaluate their current and future efforts against three key dimensions: customers, processes and communications.

#### **1. Understanding customers’ green behavior**

A company in pursuit of green initiatives needs to take into consideration where their customers sit along the spectrum of green purchasing behavior and which green attributes matter most to them.

#### **2. Identification of initiatives to pursue**

Sustainable business practices go well beyond just providing recyclable packaging – firms can consider four primary areas of focus: packaging, products, business operations and socially responsible activities

#### **3. Effective communication**

In order for sustainability to have a positive and long-lasting impact on consumers’ perception of the brand, it need to be educated and made aware of the social and environmental commitments to the company who chooses to make

### **Green luxury consumers look for social responsibility before making a purchase**

According to Unity Marketing’s latest trend report on luxury, Green Marketing and the Luxury Consumer, luxury consumers are concerned about the environmental issues that hit closest to home, citing fuel and energy shortages and the use of renewable energy sources as top concerns. Luxury consumers are also looking beyond their pocketbooks to larger issues, like protecting the environment, global warming and avoiding water and air pollution.

**First, luxury purchases are by definition, irrational.**

The essence of luxury is singularity: everything which makes the piece appears out of the ordinary. It encompasses the objective extreme quality to the home country where it must be made, as well as handcrafting, time, and the one-to-one caring service in exclusive retail stores. It also extends to the capacity of the brand to single out the buyer as a person of taste, elegance and status (Han et al., 2010).

**Secondly, luxury means excess**

It comes from its Latin root *luxus*. In luxury, everything is in excess compared to standard industrial products or services, a fortiori to low cost ones. Since the luxury industry exhibits the highest gross margins of all sectors (Tabatoni et al., 2010), it is not much concerned by cost reduction but by creation of value: making the buyer feel VIP, and stand apart. This starts at the ingredient level – only the best ones - then production (with much care, time, expertise, quality, craftsmanship...), retailing (in the nicest places and environments), servicing and branding (the conspicuous name endows prestige, glamour and distinction on the buyer).

**Thirdly, luxury signals inequality**

Only the rich can buy Bentleys, huge gas guzzling yachts, private helicopters or jets etc... Beyond achieving their personal dream, these happy few are also destroying collective capital. Certainly there are very few rich, compared to the billions of Chinese or Indian consumers shopping to drive a real car (not only a Nano –Tata’s ultra small car). But, per capita, the rich would overexploit collective capital (natural resources which cannot be replaced).

A luxury strategy aiming at the riches is the best way to introduce and test new ecological behaviors and products in a market, thus stimulating imitation by less affluent people when prices go down thanks to lower production costs made possible by volume.

**Conclusion**

Luxury attracts special attention for, beyond ecology, sustainable development talks about social equity. Now, a deeper analysis reveals how much sustainable development is deeply congenial with luxury, but real luxury: both take rarity as their central concern and real luxury is by definition durable. Luxury products are always trying to distinguish themselves from some other kinds of products, going green and promoting a product as environmentally friendly is a new but popular trend. “The ability to make the green claim is one way to do so, are the companies truly taking efforts to go green is a real question mark? The present economic scenario has posed a threat to the consumers and manufacturers of the luxurious brands. This menace jeopardizes the survival of such brands in the recent credit crunch. The current critical situation really challenges the sustainability of the lavish labels in the recession infected market. The inflected economy has reshaped the purchase pattern of the consumers all over the world relative to all type of inferior or sumptuous goods. There has been a considerable impact on the lavish consumption by the recent downturn of commerce. Luxury is no longer restricted to the rich and famous. In India’s slow-moving luxury market, brands are trying to tap into the deep vaults of closet consumers, a variety of people with no exposure to global brands but who technically can’t call themselves middle class by income any longer.

## Managerial Implication

There are many luxury brands in the world which are gradually moving towards the trend of green. Consumers always look for the new brands when it comes to luxury segment. The hype of the consumers and the excitement in the market turns any particular brand to a luxurious category. These brands are related to fashion, automobiles, perfumes, watches and other groups. However among many brands available all over the world, there are very few that have made their way to the top most labels. This is an important signal for luxury marketers to sit up and take notice, as women are often the major shoppers for a family, making the primary decisions about the products and services the family will purchase. Luxury marketers need not wait, but start to plan for green marketing initiatives that will connect with the priorities of their increasingly green-aware consumers. This trend isn't going away. On the contrary, it will only grow and luxury consumers will expect their favourite **luxury brands** to go green along with them.

**Luxury marketers** can understand the attitude of the trend-setters who are creating a dedicated shift among **green-living luxury consumers, but it gives the impression at times that** lot of marketers are sceptical about the **green trend**. They don't know whether it has roots or is just a passing fad for the moment. The issue is going to gain momentum in the future, with the affluent consumers in particular taking the lead as early adopters of **green living**. So the call is for luxury brands to connect with their customers who are increasingly **green aware** and **eco-conscious** by making green marketing a part of their strategy. A deeper research on these gray areas will bring out various hidden perspectives of the concept green with luxury brand purchases of consumers.

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# A STUDY ON THE INFLUENCE OF AGRICULTURAL ACTIVITIES AND THE GENERAL GROWTH OF SELF-HELP GROUPS IN COIMBATORE DISTRICT

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Self help groups are small informal associations of the poor, created at the grass root level for the purpose of enabling their members obtain economic benefits out of mutual help, solidarity and joint liability. Self- help groups are formed voluntarily by the rural and urban poor to save money and contribute to a common fund to be lent to its members as per the group decision and for working collectively for social and economic upliftment of their families and community.

A self help group is defined as a “self governed, peer controlled informal group of people with similar socio-economic background and having a desire to collectively perform common purpose.” Self help groups mobilize small savings either on weekly or monthly basis from its members with nil prior savings. And they recycle the resources generated among the members effectively to meet credit needs of the members.

The Tamil Nadu Corporation for Development of Women Ltd. (TNCDW) in its credit guidelines for the SHGs defines it as a small economically homogenous similarity group of the rural poor, voluntarily formed to save and contribute to a common fund to be lent to its members as per group decisions and for working together for the social and economic upliftment of their family and community. Key instruments for supporting women’s empowerment are self-help groups, wherein 10-20 rural women from the same village, mostly poor, come together to contribute weekly or monthly dues as savings and provide group loans to their members.

In the Rural Women’s Development and Empowerment Project, 90 per cent of the beneficiaries reported increased access to and control over resources such as land, dwellings and livestock. Self-help groups are generally facilitated by NGOs, and they increasingly advise and train the members in a variety of on- and off-farm income-generating activities. Indeed, in a number of recent projects, NGOs are substituted by trained facilitators and animators drawn from self-help groups. Through promoting self-help groups, District Rural Development Agencies funded Projects have contributed to improve the overall status of women in terms of income, empowerment, welfare, etc.

In the context of income-generating activities, there are also a few other concerns in relation to women’s empowerment. First is the capacity building of the self-help groups, which are in need of support in accounting, financial management, and organizational development. The second concern is about the gender focus in rural financial services. The third challenge is about how to link the self-help groups to agricultural activities, which are of key importance for the livelihoods of small farm holders in India, though at present these groups have not taken much agricultural activities, as the decisions on agriculture are mainly taken by men.

Self- help groups play an important role in



- ❖ Differentiating the consumer credit and production credit.
- ❖ Analyzing the credit system for its implication and the changes in economical cultural and social positions of the target groups.
- ❖ Providing easy access to credit facilitating group/organization for effective control.
- ❖ Ensuring repayments and continuity through group dynamics.
- ❖ Setting visible norms for interest rates.
- ❖ Deciding on repayment schedules, conception period, extension, writing off bad debts.
- ❖ Supporting the group members in getting access to the formal credit institutions.

Thus, self help group disburses microcredit to the rural women and help them become empowered and encourage them to enter into entrepreneurial activities. Credit needs of the rural and urban poor women are fulfilled totally through the SHGs. SHGs enhance equality by getting them engaged in participation, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life. Women are engaged in various activities such as farming, livestock rearing and farm labour. The Coimbatore District self-help groups have taken loans and initiate small business for poverty eradication. The different agricultural and related activities in which they are involved are:

1. Poultry farm
2. Mushroom cultivation
3. Vermicompost
4. Cultivation of medicinal plants
5. Fishery
6. Insecticide and chemical making
7. Fruits processing
8. Goat farming

**Need for the study:**

To sensitize target women by involving in the planning, implementation and maintenance of activities envisaged for ensuring sustainability on long term.

To raise income levels and to expand employment opportunities of the economically weaker section of women of Self- Help Groups, particularly of those living below the poverty line.

### **Objectives of the Study:**

- To study the influence of agricultural activities and general growth of SHGs in Coimbatore district.
- To explore demographic characteristics of SHG members and their development with respect to the agricultural activities.

### **Hypothesis:**

- There is no significant impact of agricultural activities on the general growth of Self-Help Groups.
- Agricultural activities and its influence do not affect the development of Self Help Groups in Coimbatore District

### **Methodology:**

The proportionate random sampling method is also found to obtain minimum standard errors at 2 tails of the normal distribution. The samples are proportionately collected from 13 blocks of Coimbatore District.

A sample size of 100 selected SHG's related with agricultural activities is taken for the study. Among the 100 questionnaires, 99 are returned with filled in answers.

### **Analytical Tools:**

Analysis of Variance: Analysis of Variance is exploited to find the impact of demographic background of the SHG members on various factors of developmental activities.

### **Analysis:**

Form the above table it is found that the factors Poultry farm ( $F=4.428$ ,  $P=.012$ ), Mushroom cultivation ( $F=4.007$ ,  $P=.019$ ), Vermicompost ( $F=13.420$ ,  $P=.000$ ), Cultivation of medicinal plants ( $F=7.801$ ,  $P=.000$ ), Fishery ( $F=14.679$ ,  $P=.000$ ), Insecticide and chemical making ( $F=246.860$ ,  $P=.000$ ), Fruits processing ( $F=7.837$ ,  $P=.000$ ), Goat farm ( $F=6.312$ ,  $P=.002$ ), differ significantly with respect to the general growth at 5% level.

The positive outcomes of the promotion of backyard poultry farming in Coimbatore district are studied through the analysis. In addition to improving the production and supply of eggs and poultry meat, poultry farming has also generated self-employment leading to a reduction in rural poverty and has helped in the empowerment of rural women.

Integrating mushroom cultivation in the existing farming systems will not only supplement the income of the farmers but will also promote proper recycling of agro-residues, thereby improving soil health and promoting organic agriculture.

**Table Showing Influence of agricultural activities and general growth of SHGs in Coimbatore district.**

| Variables                              | Sources        | Sum of Squares | DF | Mean Square | F       | Sig. |
|--|----------------|----------------|----|-------------|---------|------|
| <b>Poultry farm</b>                    | Between Groups | 7.116          | 2  | 3.558       | 4.428   | .012 |
|  | Within Groups  | 60.043         | 97 | .804        |         |      |
|  | Total          | 67.159         | 99 |             |         |      |
| <b>Mushroom cultivation</b>            | Between Groups | 9.597          | 2  | 4.799       | 4.007   | .019 |
|  | Within Groups  | 34.683         | 97 | 1.198       |         |      |
|  | Total          | 44.280         | 99 |             |         |      |
| <b>Vermicompost</b>                    | Between Groups | 22.153         | 2  | 11.077      | 13.420  | .000 |
|  | Within Groups  | 75.291         | 97 | .825        |         |      |
|  | Total          | 97.444         | 99 |             |         |      |
| <b>Cultivation of medicinal plants</b> | Between Groups | 9.808          | 2  | 4.904       | 7.801   | .000 |
|  | Within Groups  | 38.150         | 97 | .629        |         |      |
|  | Total          | 47.959         | 99 |             |         |      |
| <b>Fishery</b>                         | Between Groups | 18.489         | 2  | 9.244       | 14.679  | .000 |
|  | Within Groups  | 38.940         | 97 | .630        |         |      |
|  | Total          | 57.429         | 99 |             |         |      |
| <b>Insecticide and chemical making</b> | Between Groups | 30.938         | 2  | 65.469      | 246.860 | .000 |
|  | Within Groups  | 84.849         | 97 | .265        |         |      |
|  | Total          | 15.787         | 99 |             |         |      |
| <b>Fruits processing</b>               | Between Groups | 8.761          | 2  | 4.380       | 7.837   | .000 |
|  | Within Groups  | 89.548         | 97 | .559        |         |      |
|  | Total          | 98.309         | 99 |             |         |      |
| <b>Goat farm</b>                       | Between Groups | 7.979          | 2  | 3.989       | 6.312   | .002 |
|  | Within Groups  | 40.541         | 97 | .632        |         |      |
|  | Total          | 48.520         | 99 |             |         |      |

Source: Primary Data

Vermicompost is a decentralized mode of production system. More access to raw materials will enhance more production as well as the income generation. It is observed that the producer have enough interfacing with the market for ensuring sustainability. Activity Cluster has been functioning for the marketing linkage and sustainability of the project. Producer Groups have been formed for strengthening the Activity Cluster.

The major problem is to Control the hazardous effects of chemical fertilizer and pesticides on environment and life. SHG'S have improved the agricultural practices by shifting over to using bio - manure and bio - fertilizer. They have increased the productivity of the agricultural land and have helped in promoting reclamation of land fertility through organic farming. They have changed the mindset of farmers and have made them aware of the efficacy of natural and scientific farming techniques.

The Table shows that quite a large number of members have expressed that there has been a considerable improvement in the spending levels of their families after their participation in SHG. The employment opportunities of the households have also gone up and the members have become capable of providing better education to their children. In view of fishery employment opportunities, the level of migration has reduced marginally.

To impart training to the rural unemployed youth, SHG's on fruit and vegetable preservation technology in the Coimbatore district also encourage the SHG's to establish fruit and vegetable processing unit separately as a source of income and to make use of the locally available raw materials.

The respondents' knowledge of goat farming as well as their attitude towards group activities indicate that the SHGs have enough potential to be developed into successful entrepreneurial units provided adequate training is imparted to the members. The analysis shows that the locally available substrates are used for the construction of cropping rooms and also as substrate for cultivation. Spent mushroom substrate are also utilized for making manure, vermicompost could also be used as feed/fuel. Models are also developed for models for complete recycling of agricultural residues for small, medium and large farms to increase total land productivity and the organic production. . Developing and promoting fruit processing technologies suitable for women, rural and unemployed youths. Higher productivity with efficient use of natural resources including water in fishery activities.

## **SUGGESTIONS AND CONCLUSION**

Rural women are the major working forces of farming activities in the study area. They regularly participated in agriculture, agriculture labour and the related activities. . Despite their incredible role in the agricultural sector, rural women's participation in farm management and decision making are quite minimal especially in the areas of purchase/sale of farming implements, land preparation and in determining the type and amount of chemicals (pesticides, herbicides) to be used. Since women's contribution to economic development is vital, there is a need of proportionate increase in their involvement in decision making, as the success and progress of any production depends upon the plans made and decisions taken.

The SHGs have made an enduring impact on the lives of the women particularly in the rural areas of Coimbatore District. Their quality of life has improved a lot. There is an increase in their income,

savings and utilization expenditure. This shows development in their standard of living. The women have gained self-confidence. They have got an opportunity to improve their hidden talents after joining the SHGs. They could speak freely in front of large groups of people. They have self-identification in the family and society. SHGs have also given women a greater role in household decision making too.

The SHGs have created better understanding between the members of the different religious groups as the members of SHGs belong to different religions. This is a welcome change to have understanding and open-mindedness towards the members of other religions particularly in a country like India where there is a diversity of religions and castes.

The study has also found out that educating farm women regarding improved goat rearing management activities help them become a successful entrepreneur. Skill training on collection of vermin compost from each pit, the time and method of collection and post collection procedures viz. sieving, drying and setting could be recommended. Disseminating the skills on vermicompost from the trained women to other women farmers, could bring in better results.

Action programmes may be undertaken by the government, in addition investing sufficient amount of funds for farm, or agricultural activities for income generation. The state government can also arrange concentrated literacy programmes for developing essential agricultural skills and farm management.

Awareness programmes on the available resources and improvised methods, by making optimum use of the technologies could be conducted by the government regularly that may help in successful transition.

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# EMPLOYEE PERCEPTION TOWARDS TRAINING AND ITS IMPACT ON COMMITMENT

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## ABSTRACT

The purpose of this study is to elaborate explore the impact of employee perceptions of training on commitment of employees in pharmaceutical sector. The review of the literature explains and highlights the role of effective training in improving the commitment level of employees. Data was collected through questionnaires that are distributed among 60 medical representatives in Chennai to find the results. Findings of this study suggest that arranging and adopting more effective training programs could lead to enhanced commitment among the representatives. Limitations of this study are that it covers a few aspects of training and commitment.

**Key words:** Training, commitment, perceived availability, perceived benefits

## INTRODUCTION

Training is defined as “a planned process to modify attitude, knowledge or skill behavior through learning experience to achieve effective performance in an activity or range of activities. It’s purpose in the work situation is to develop the abilities of the individual and to satisfy the current and future needs of the organization” (Wilson, 1999, p. 201). Training is a continuous learning process involving the acquisition of knowledge, sharpening of skills, or changing of attitudes and behaviour of employees to align the performance with organisation’s expectations. Training refers to improving competencies needed by professionals today or in the future.

Training has been defined as any management practice that can be controlled or managed to elicit a desired set of unwritten, reciprocal attitudes and behaviors, such as organizational commitment (Sparrow, 1998). The purpose of training and development programmes is to improve employee capabilities and organizational capabilities. The organization’s investment in improving the knowledge and skills of its employees is returned in the form of more productive and committed employees.

Employees’ positive perception regarding the availability of training creates a sense of emotional attachment with the organization. They feel that organization is loyal to them that build commitment in them. When employees are committed to their jobs, they will not quit their job that will decrease the turnover intentions.

## NEED

According to Lang (1992) training should be planned in such a way that it results in organizational commitment. The nature of the job and considering it as a temporary solution, attrition rate is significant among medical representatives. This forced the researcher to analyse the perception of representatives regarding training and its relationship with their commitment.

## COMMITMENT

Boles et. al., (2007) defined Organizational Commitment as “the strength of an individual’s identification with the organization’s goals as well as about positive involvement in developing these shared goals and objectives in that organization”. Organizational commitment is defined as identification with organization and its goal while wishing to remain member of that organization (Reichers,1985). Organizational commitment is further divided into three dimensions 1) Affective Commitment, it is a desire or emotional attachment to the organization. 2) Continuous Commitment, (financial benefits motivate to remain as a member of organization.) 3) Normative Commitment, moral obligation to maintain employment with particular organization. Each dimension has different antecedence and consequences on job behaviours (Meyer & Allen, 1991).

## REVIEW OF LITERATURE

Owoyemi, Oluwakemi. A. Et al (2012) investigated the relationship between training and employees’ commitment to the organisation in a Discount House in Lagos, South West Nigeria. This paper suggests that, by adopting and increasing employees’ training will not only be beneficial to employees, but also to the organisation as a whole in the sense that it will give an organisation a competitive edge over others. It is suggested that training should be implemented as part of the larger organisational development strategies aimed at getting a committed workforce.

Newman, Thanacoody, &Hui, (2011) conducted a study in China and found that affective and continuous commitment is highly correlated with perceived availability of training. The study suggested that training can be used as a tool to enhance commitment that ultimately can reduce turnover .

Muhammad Ashar et al. (2013) investigated the relationship of two perceptions of training with affective commitment. Theperceptions were perceived availability of training and perceived supervisor support for training. The findings of the study supported the hypothesis that affective commitment of employees is highly effected by perception of training. Furthermore the findings also depicted inverse relationship between affective type of commitment and turnover intentions.

Bartlett (2001) found that supervisor support and co workers support for training have a positive significant relationship with both affective and continuance commitment. Bulut&Culha, (2010) found that employee perceptions on availability of training, supervisor support for training and co-worker support for training enhance organisational commitment.

Meshal j. Al-failakawi(2011) revealed that if the availability of training, supervisor support for training, motivation to learn, co-workers support for training, and perceived benefits of training are high, there will be high organizational commitment and employee retention.

## RESEARCH QUESTIONS

1. What do employees perceive about training?
2. Do they expect the support of the superiors in training?
3. Do employees have positive perception regarding training they receive?
4. Does their perception have any effect on the commitment?



**RESEARCH OBJECTIVES**

- To assess the perception of employees regarding the training methods
- To examine the satisfaction level of employees with regard to training
- To investigate the relationship between perception on training and commitment

**RESEARCH METHODOLOGY**

The primary data was collected through a questionnaire comprising three sections. The first section elicited the personal demographic profile of the respondents. The second section of the questionnaire comprised questions relating to employee perception toward five training factors, availability of training program, supervisor support for training, motivation to learn, co-workers support for training, perceived benefits of training, Using 5-point Likert-type scale, from (1) “Strongly Disagree” to (5) “Strongly Agree”. The variables proposed by **A. Newman** were taken as the base. The third part aimed at eliciting the respondent’s opinion on commitment using Likert’s five point scale and adopting **Meyer and Allen** model for measurement of employee commitment.

**RESULTS**

| Demographic profile                |                    | Number of respondents | %     |
|------------------------------------|--------------------|-----------------------|-------|
| Age                                | Less than 25 years | 25                    | 41.66 |
|                                    | 25 – 35 years      | 20                    | 33.33 |
|                                    | More than 35 years | 15                    | 25    |
| Experience in present organization | Less than 3 years  | 14                    | 23.33 |
|                                    | 3-5 years          | 26                    | 43.33 |
|                                    | 5-7 years          | 12                    | 20    |
|                                    | More than 7 years  | 8                     | 13.33 |

Most of the respondents (41.66%) fall in the age group less than 25 years and 43.33% of the respondents are with a experience of 3 years to 5 years and 23.33% respondents possess an experience of less than 3 years.

**Table showing perception of employees regarding training**

| Variables   | Strongly agree | agree | neutral | disagree | Strongly disagree |
|---|----------------|-------|---------|----------|-------------------|
| Appropriate training is provided<br>Using new technologies        | 12             | 8     | 4       | 20       | 16                |
| Supervisors support My efforts to<br>learn outside the job        | 13             | 5     | 9       | 16       | 17                |
| My colleagues are supportive in<br>learning process               | 20             | 14    | 3       | 18       | 5                 |
| I am highly motivated by the training<br>I receive                | 25             | 20    | 2       | 8        | 5                 |
| I clearly realize the benefits that I<br>receive through training | 28             | 19    | 3       | 5        | 5                 |

Almost equal level of positive and negative perception is experienced regarding the availability of training and a high positive perception exists regarding the support of co workers, perceived benefits of training and perceived motivation. Perceived Supervisors support has not received wide acceptance from the respondents.

**Table showing opinion of employees regarding commitment**

| Variables  | Strongly agree | agree | neutral | disagree | Strongly disagree |
|--|----------------|-------|---------|----------|-------------------|
| I really feel that this organization's problems are my own .   | 14             | 20    | 4       | 10       | 12                |
| I feel "emotionally attached" to this organization.  | 18             | 14    | 5       | 14       | 9                 |
| I find that my personal values are similar to the organization's values.   | 14             | 14    | 3       | 18       | 11                |
| I feel that I have too few options to consider leaving this organization   | 25             | 20    | 2       | 8        | 5                 |
| One of the few serious consequences of leaving this organization would be the scarcity of available alternatives | 24             | 19    | 3       | 8        | 6                 |

**Table showing correlation between perception on training and commitment**

| Variables  | ' r ' Value |
|--|-------------|
| Appropriate training is provided<br>Using new technologies     | 0.354       |
| Supervisors support my efforts to learn outside the job        | 0.29        |
| My colleagues are supportive in learning process               | 0.48        |
| I am highly motivated by the training I receive                | 0.68        |
| I clearly realize the benefits that I receive through training | 0.23        |

**FINDINGS**

- It is found that the employee population is dominated by the age group ' less than 25 years' and '25 – 35 years.
- The employees working in an organisation for more than 7 years is found to be less.

- It is found that the employees are least satisfied regarding the appropriateness of the training and the support lent by their superiors.
- It is also found that the colleagues are much supportive in the training process.
- It is found that the employees are highly aware of the benefits that they receive through training.
- The employees feel emotionally attached to the organisation as an effect of the training offered. Another reason for staying in the organisation is found to be the fear of getting an equal job and salary.
- Colleagues support and self motivation are found to have a positive correlation with commitment.

### SUGGESTIONS:

- organizations should consider all factors which determine the effectiveness of the organization from the particular training program (eg. method of delivery, content, duration, trainers, environment, number of participant in a particular session and other factors) .
- Off-the-Job training Programme should be initiated. This could help in meeting up with some training needs that could arise as a result of technology change, College expansion, educational reforms, National manpower needs, etc.
- The organisations identify areas of training needs of the staffs. It is very important aspect of staff training policy failing to do which will result in waste of time and resources.
- Encouraging the superiors to be an integral part of the training programmes can offer more positive results.
- Pre evaluation and post valuation and feedback of training would provide a clear picture of the effectiveness of the training offered.

### CONCLUSION

Since the employees are the valuable assets of the organization, the success or failure of the organization depends on employee performance. Performance is the outcome of knowledge possessed and training received. Therefore, organizations are investing huge amount of money on employee development. The analysis suggest that the more training given to employees, the more committed they will be to the organisation. Managers can also enhance the commitment of employees by providing training opportunities and acting as a moral support for them. Least hurdles in availing and utilizing the training opportunities leads towards higher employees to be committed with the organization.

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## SERVICE QUALITY MEASUREMENT IN LIFE INSURANCE CORPORATION IN CHENNAI

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### ABSTRACT:

According to recent survey taken, India's population base is second to china .Due to the huge population life insurance market is untapped. This creates an opportunity for the Indian and foreign nationals to invest in this market. With a greater choice and an increasing awareness, there is a continuous increase in the customers' expectations and they demand better quality service. Therefore, to sustain in the market, service quality becomes a most critical component of competitiveness for Life Insurance Corporation of India. The objective of the study is to measure the service quality dimensions in LIC. The study was done in LIC branches in Chennai. Data was collected through simple random sampling.200 respondents responded for this study. All the dimensions verified with reliability test of cronbach coefficient which was above 0.75.Statistical tool parametric't'test was done to measure the service quality dimensions.it was found that the service quality dimension are appropriate from the Life Insurance corporation and customers perceived they are the important measurements for the efficiency of the service to build customer satisfaction as well as loyalty.

**KEYWORDS:**LIC,SERVICE QULAITY

### INTRODUCTION

According to recent survey taken, India's population base is second to china .Due to the huge population life insurance market is untapped. This creates an opportunity for the Indian and foreign nationals to invest in this market. After enactment of Insurance Regulation bill 2000, insurance sector has been growing relatively fast in India. At present there are twenty four players in the Indian life insurance industry out of which Life Insurance Corporation of India is an one and only public Life Insurance company. holds largest number of policies in suit to different financial requirement of an individual.With a greater choice and an increasing awareness, there is a continuous increase in the customers' expectations and they demand better quality service. Therefore, to sustain in the market, service quality becomes a most critical component of competitiveness for Life Insurance Corporation of India. Although, by providing quality services to its customers, the Life Insurance Corporation of India can differentiate itself from other service firms and will able to improve its profitability. The purpose of the present study is to Measure the service quality dimensions Life Insurance Corporation in India. In this paper we discussed nine dimensions , i.e Tangibility, Responsiveness, Reliability, Assurance ,Empathy (five Dimensions) derived by Parasuraman et al(1988) and additional other dimensions like Corporate image, Financial planning, Loyalty and Technology. These dimensions are vital for the present Life insurance companies to deliver quality services to their customer.

### BACK GROUND OF LIC

Before 1956, there were about 245 insurance companies, which operated in India. The Government of India felt that a strict Government Control of Insurance industry is required and nationalized the life

insurance industry in 1956. Life Insurance Company of India (LIC) was formed in September 1956 by an Act of Parliament viz., the LIC Act with a capital contribution of Rs. 50 million from the Government of India. Over the years the insurance business has grown enormously and collected funds both in organized and unorganised sectors. LIC is the only one public Life Insurance Company in India. Due to the advent new players in the market, its products also become competitive and more customized according to the need of the prospect. Even though new players entered into the market LIC considered to be the Trusted Company in the people's mind.

## REVIEW OF LITERATURE

Services are intangible, heterogeneous and inseparable, it is difficult to measure service quality objectively. Over the years, many researchers have proposed and evaluated alternative service quality models and instruments for measuring service quality. Among these models, SERVQUAL (Parasuraman *et al.*, 1985) is the most prominent and the most widely used. The authors of this model proposed that the consumer's opinion of quality be formed by an internal comparison of performance with expectations. Good service quality means that the customers' perceptions of service performance meet or exceed their expectations of what the service should provide. Through in-depth interviews and focus group discussions with in four different service industries, Parasuraman *et al.* (1985) identified 10 determinants of service quality, which included access, communication, competence, courtesy, credibility, reliability, responsiveness, security, tangibles and customer knowledge. Subsequently, Parasuraman *et al.* (1988) reduced these 10 determinants to five using factor analyses. This led to the development of a 22-item SERVQUAL scale for measuring service quality. The five dimensions include tangibles, reliability, responsiveness, assurance and empathy.

Wells and Stafford (1997) employed both SERVQUAL and SERVPERF to measure service quality and relate overall quality perceptions to formal insurance education. They reported a statistically significant relation between insurance education and quality ratings was evident. Joseph *et al.* (2003) identified five factors of quality in insurance, i.e. claims, personal relationships, products/ services, life insurance and agent/benefit.

Taylor (2001) concluded that the quality of after sales services can lead to very positive results through customer loyalty, positive WOM, repetitive sales and cross-selling. Lawrence A. Crosby, Nancy Stephens (1987) explained that life insurance consists largely of credence properties & insurance providers should engage themselves in relationship-building activities that emphasize buyer-seller interaction and communication. Mehta, S.C., Lobo, A. and Khong, H.S. (2002) recognized the six dimensions of service quality: Assurance, Personalized Financial Planning, and Relationship with Agent, Tangibles, Corporate Image and Competence and also said that expectations guide the customers' assessment of the quality of services and managers cannot ignore this factor when deciding and designing quality programs in their companies. Gayathri, H., Vinaya, M.C. and Lakshmisha, K. (2005) identified that the service quality dimensions could be a basis for differentiation of the insurance players that could be developed into a sustainable competitive advantage for the players in the long run and they also concluded that non-price differentiation instruments have a better potential than price differentiation, because any reaction from the competitors to match non-price differentiation may require changes in the entire service strategy. Evangelos Tsoukatos, Graham K. Rand, (2006) found that tangibles dimensions does not affect customer satisfaction while word of mouth (intangible dimension) is an antecedent of customer repurchasing intentions and customer satisfaction does not directly influence the customer

loyalty. Evangelos Tsoukatos, Graham K. Rand, (2007) developed and tested the hypotheses on all 25 possible relationships between the dimensions of culture and of service quality and also found that out of the 25 hypothesized relationships between the dimensions of culture and of service quality, 23 are confirmed and the remaining two are directionally supported. Masood H Siddiqui (2010) revealed that in all the service quality dimensions of life insurance industry in India, the gap-scores are negative and for each of six factors, the gap scores were statistically significant (sig. <.05) and also found the maximum gap in competence dimension of service quality.

Based on the above review of the literature, we found that although the SERVQUAL scale is the most popular instrument for measuring service quality and its applicability in Life Insurance sector. In this paper, we measure the dimensions of service quality in Life Insurance sector.

### OBJECTIVE OF THE STUDY

To measure the service quality dimensions Life Insurance Corporation in Chennai.

### RESEARCH METHODOLOGY

The study is about to measure the service quality dimensions in LIC. The study is conducted in Chennai city branches of LIC. A sample of 200 customers of LIC was selected for this study. Simple random sampling method was selected to collect the samples. Primary and secondary data both were utilized for the purposes of this study. Primary data was collected from the customers of LIC through a structured questionnaire based on service quality model (SERVQUAL). The secondary data was obtained from journals, newspapers and magazines.

### ANALYSIS AND DISCUSSION:

The researcher identifies nine Dimensions of service quality namely Tangibility, Responsiveness, Reliability, Assurance, Empathy, Corporate image, Financial planning, Loyalty and Technology.

These Dimensions and their reliability are verified through Cronbach Alpha method. In order to obtain these nine service quality parameters. The researcher used 10 variables each in a Likert five point scale to obtain the responses from the customers. The application of Cronbach alpha for all these statements independently gave the following output.

**Table 1-OPINION OF CONSUMERS ON SERVICE QUALITY**

| Variable       | LIC    |                |              |                 |
|----------------|--------|----------------|--------------|-----------------|
|                | Mean   | Std. Deviation | Alpha Values | Sig. (2-tailed) |
| Tangibility    | 4.0583 | .71025         | 0.76         | .000            |
| Responsiveness | 4.0852 | .64086         | 0.84         | .000            |
| Reliability    | 3.7870 | .72633         | 0.87         | .000            |

|                    |        |        |      |      |
|--------------------|--------|--------|------|------|
| Assurance          | 3.6592 | .73469 | 0.91 | .000 |
| Empathy            | 3.6951 | .92229 | 0.88 | .000 |
| Corporate image    | 3.8520 | .79920 | 0.93 | .000 |
| Financial planning | 3.7063 | .78543 | 0.89 | .000 |
| Loyalty            | 3.6188 | .83626 | 0.79 | .000 |
| Technology         | 3.7512 | .91265 | 0.85 | .000 |

From the table 1, it is found that the reliability coefficient is greater than 0.75 for the respective number of variables. Therefore it can be concluded that all these nine service quality dimensions are more appropriate and well defined. The influence of these nine service quality dimension in Life insurance Industry is measured through the contribution in perception of the customer. The application of parametric test brought the following table.

**Table- 2-INFLUENCE OF SERVICE QUALITY DIMENSIONS IN LIC.**

| VARIABLES          |        | t    | Sig.<br>(2-tailed) |
|--------------------|--------|------|--------------------|
| Tangibility        | 4.0583 | 3.75 | .000               |
| Responsiveness     | 4.0852 | 4.28 | .000               |
| Reliability        | 3.7870 | 3.78 | .000               |
| Assurance          | 3.6592 | 3.99 | .000               |
| Empathy            | 3.6951 | 2.34 | .000               |
| Corporate image    | 3.8520 | 5.98 | .000               |
| Financial planning | 3.7063 | 2.43 | .000               |
| Loyalty            | 3.6188 | 4.11 | .000               |
| Technology         | 3.7512 | 3.98 | .000               |

From the table 2 it is found that the nine service quality dimension are appropriate from the Life Insurance corporation and customers perceived they are the important measurements for the efficiency of the service to build customer satisfaction as well as loyalty.



## FINDINGS AND CONCLUSION:

The Empirical study revealed that in Life Insurance Industry in particular in a public sector enterprise LIC. The nine service quality dimensions like Tangibility, Responsiveness, Reliability, Assurance, Empathy, Corporate image, Financial planning, Loyalty and Technology plays a major role to offer best of their services and also surmount satisfaction in the minds of customers. In particular the confidence building, responsiveness and technological augmentation are very important to catch hold of the customers and make them to perceive and compare the level of satisfaction. Since the Life Insurance Industry aimed full prudential benefits, LIC ensures futuristic returns of sum assured, eradicating the procedural delays and personalized touch with the customer proved their empathy. Their profound stand point of confidence building among the customers considerably increased their business volume.

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