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AN EMPIRICAL STUDY ON NPAs IN WORKING CAPITAL LOAN OF GRAMYA BANKS

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ABSTRACT

Every business needs to some amount of working capital. The need for working capital arises due to the time gap between production and realization of cash from sales. There is an operating cycle involved in sales and realization of cash. There are time gaps in purchase of raw materials and production, production & sales and sales with realization of cash. Thus, working capital is needed for the purchase of raw materials, components and spares, to pay wages and salaries, to incur day-to-day expenses and overhead costs such as fuel, power and office expenses, to meet the selling costs as packing, advertising, to provide the credit facilities to the customers and for maintain inventories of raw materials, work-in-progress, stores and spares and finished goods. In this study we made an attempt to find out the intended factors those are responsible for the growth of nonperforming assets in Gramya banks only.

KEYWORDS: Working capital loan, urban area, rural area, semi urban area.

1. INTRODUCTION

The concept of working capital is much confusing in the business circle. It is very unfortunate; there is much disagreement among financiers, accountants, businessmen and economists as to the exact meaning of the term working capital. According to few, working capital means current assets. For some others, it is an excess of current assets over current liabilities. Some authors prefer to call circulating capital in place of working capital. It is true that there is much disagreement as to the exact meaning of the term but both the concepts are useful in business. One may be termed as quantitative aspect and other, qualitative aspect of working capital. The concept of working capital is very important in every business because the term is commonly used for the capital required for day-to-day working. A business cannot invest whole of its capital in long term assets. It may be possible, the ratio of the fixed capital and working capital may differ for indifferent business depending upon its nature and volume but it is quite impossible to have no working capital to meet its day to day obligation. The problems involved in managing the working capital are quite different from those in managing fixed capital because the fixed assets are acquired to retain them in the business over a period of time hence time factor is crucial as a decision variable. But as far as decision making process is concerned it is similar to long term capital as both entail an analysis of the effects of risk and profitability.

SWAROJAGAR CREDIT CARD

To meet the credit requirements of Tiny, Village and Cottage Industries and Self employed persons SCC scheme is introduced. The target groups are Small Artisans, Handloom weavers, Handy Craftsman, Fisherman, Rickshaw owners, pullers, SEP, SHG and other activities falling under Tiny, Village and Cottage industries. The quantum of loan amount is Rs 25,000/- per borrower, the nature of loan is Term loan/ working capital / composite loan for investment requirement repayable within 5 years in suitable installments. This loan will have to repayable

within 12 months from the date of 1st withdrawals and renewed every year on satisfactory operation. No collateral security to be insisted and SCC to be operated only from the issuing branch.

REVIEW OF LITERATURE

Sinha N. K. (2004), this paper seeks to contribute to the abundant works that have depicted the operation of the housing loan market as an institution rife with discrimination. The purpose is to determine the degree to which the banks have or have not observed fair and equitable lending practices towards borrowers. This task is very important in several aspects, for example, it sheds light on the issue of housing affordability as a major aspect of the overall poverty problem and ways to combat it; and, it enables us to stress the importance of the need for more flexible lending practices among banks.

Lacour & Micheal (2007), the major objective of this paper is to provide crucial information for getting home loans for housing in our country and improve the living standard of community. Growth of home loans is due to increase of living standard of people, shifting from joint family to nuclear family. This work highlights and analyzes the challenge faced by the borrowers. Also, it presents best available options for borrowers as per their financial capacity. Effects of inflation on home loan rate is analyzed Dr. M. Selvakumar (2010), “Regional Rural Banks: Performance Analysis”, suggested that modern technologies like ATM, Core banking, anywhere banking and so on should be introduced to improve the quality of services in all spheres of banking activities. The bank should take necessary steps to increase the non-interest income, which only constitutes less than 10% of the total income, by way of collection of cheques and bills, giving guarantees, locker facilities, acting agents so on.

Krueger (2004), “Report on currency and Finance”, found that bank credit is an important source of finance although the role of credit analytics in monetary policy formulation has seen ups and downs over the past five decades. With the restriction on interest rates, a number of industrial economies regulated credits at various sectors of the economy during 1960s and 1970s, although the fraction of credit so directed was smaller than the EMEs Borio and Lowe (2004), with the onset of financial innovations, as money demand turned unstable, both money and credit vanished from the scene as targeting variables by the early 1990s. In the subsequent period interest in credit behavior has re-emerged as it is believed that credit conditions play a key role in the monetary transmission process Bernanke and Blinder (1983), the reduction in net worth of the borrowers, for instance reduces the collateral available with them which, in turn, inhibits investment demand in the economy and the effects may get magnified through a financial accelerator mechanism.

Meyer and Nagarajan (1999), with the increasing market orientation of monetary policy, direct instrument of money control are being progressively phased out in many developing countries. The old paradigm of supply-leading subsidized and targeted lending is being gradually replaced by new demand-leading programme aimed at improving financial market efficiency.

OBJECTIVES OF THE STUDY

- To Study problem in relation to NPAs
- To study the factors responsible for growth of NPAs
- To suggest various models to overcome the problem of NPAs.

LIMITATIONS OF THE STUDY

- The data is depended upon the perception of respondents.
- The sample is limited; it may not represent scenario of all the employees.
- The research area confined to Ganjam and Gajapati Districts of Odisha only.
- The period of study conducted for the period of 2 months i.e. October to Nov 2012.

METHODOLOGY OF THE STUDY

The present work is based on the primary data and to some extent the secondary source also. Various authentic journals, books and literature on the subject, news papers, magazines, reports and various studies have been used in the point of conceptual frame work etc. For collecting primary data 120 questionnaires distributed to the male and female members in rural, urban and semi-urban area. However 62 respondents responded. The break up is as follows:

TABLE-1: SAMPLE COMPONENTS

Study area	Questionnaire distributed	Response received	Response percentage (%)
Rural male	20	18	90
Rural female	20	8	40
Urban male	20	12	60
Urban female	20	7	35
Semi-urban male	20	11	55
Semi-urban female	20	6	30
Total response	120	62	51.66

Source: Compiled data from field survey

To measure the perception level of the participants with regard to NPAs on different loan the various variables identified and a have been assigned as +3,+2,+1,0 and -1 for the responses of the respondents “ Strongly agree”, “ Agree”, “ Neutral”, “ Disagree” and “ Strongly disagree” respectively. Final scores for each feature are calculated by multiplying the numberof response by the weights of the corresponding response. Ideal scores are calculated by multiplying the number of respondents in each category with (+3) and product with total number of attributes. Least scores calculated by multiplying the number of respondents in each category with (-1) and the product with number of attributes in the questionnaires for different loan segments. These are the items considers for questionnaire: willful default, unforeseen domestic problems, low income generation from project undertaken, mis utilization of funds, dispute among partners/ distributors, inefficient management, business competition, marketing problems of the products, technology problem, lack of fund management expertise, lack of adequate capital, wrong identification of beneficiary, inaccurate pre-sanction security and appraisal, target oriented approach to lending by the banks, absence of credit information sharing among different financial institutions, delay in disbursement of credit facility, weak monitoring inadequate infrastructure facility, inadequate law to take

inappropriate action and delay in project implementation.

TABLE-2: COMPUTATION OF IDEAL SCORE AND LEAST SCORE FOR WORKING CAPITAL LOAN

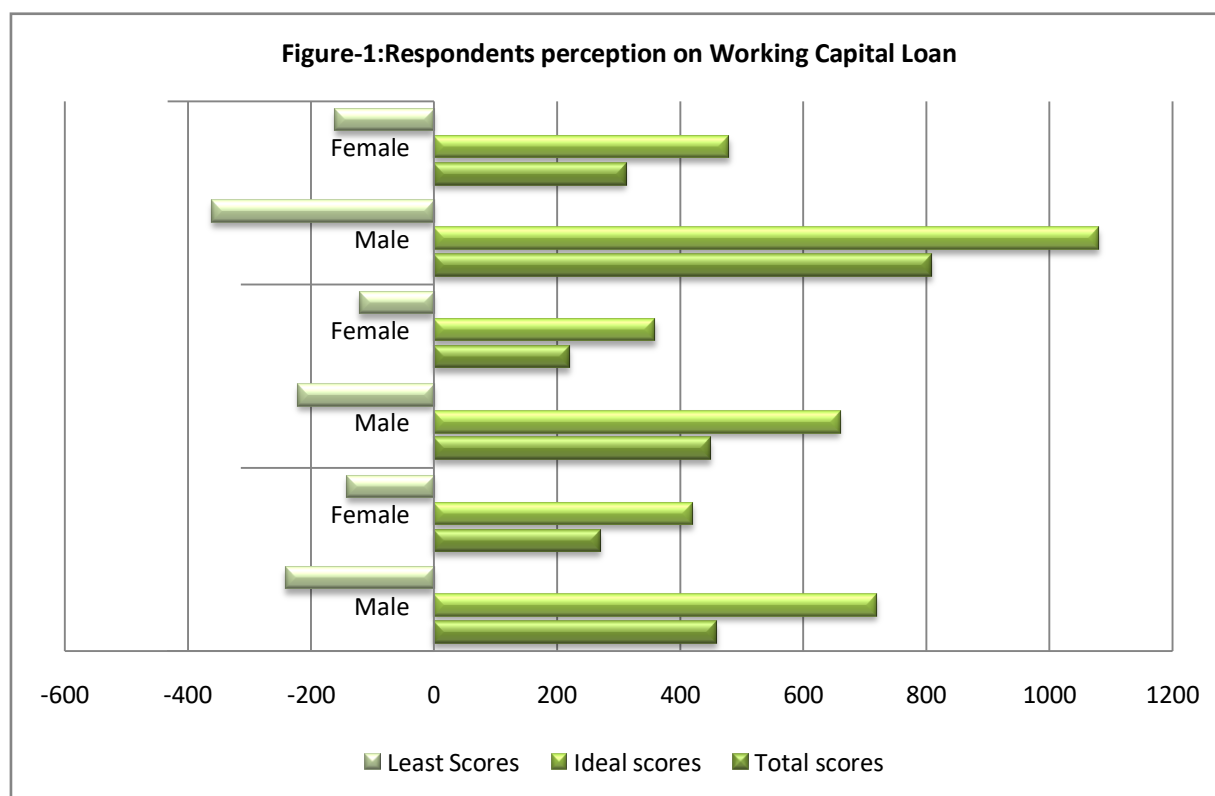
Particulars	Equation	Ideal score	Equation	Least score
Rural male	$20 \times 3 \times 18$	1080	$20 \times 18 \times -1$	-360
Rural female	$20 \times 3 \times 8$	480	$20 \times 8 \times -1$	-160
Urban male	$20 \times 3 \times 12$	720	$20 \times 12 \times -1$	-240
Urban female	$20 \times 3 \times 7$	420	$20 \times 7 \times -1$	-140
Semi-urban male	$20 \times 3 \times 11$	660	$20 \times 11 \times -1$	-220
Semi-urban female	$20 \times 3 \times 6$	360	$20 \times 6 \times -1$	-120

TABLE-3: PERCEPTION OF RESPONDENTS ON WORKING CAPITAL LOAN

Variables	Aggregate Scores					
	Urban area		Semi Urban area		Rural area	
	Male	Female	Male	Female	Male	Female
Willful default	24	15	22	8	34	18
Unforeseen domestic problems	27	13	21	12	38	14
Low income generation from project undertaken	23	10	24	10	41	12
Mis utilization of funds	20	11	22	12	42	18
Dispute among partners/distributors	21	13	23	10	36	17
Inefficient management	21	14	22	12	38	17
Business competition	20	14	24	10	43	14
Marketing problem of the products	19	15	25	11	40	12
Technology problems	21	16	23	11	38	18
Lack of fund management expertise	20	15	25	13	43	21

Lack of adequate capital	21	15	24	12	44	18
Wrong identification of beneficiary	20	13	26	10	39	14
Inaccurate pre-sanction security and appraisal	26	16	24	13	39	13
Target oriented approach to lending by the bankers	24	14	24	9	38	16
Absence of credit information sharing among the financial institutions	28	11	21	12	35	13
Delay in disbursement of loan amount	26	11	24	11	48	12
Weak monitoring	27	13	21	11	42	17
Inadequate law to take appropriate action	25	16	20	11	46	15
Delay in project implementation	23	13	16	12	44	17
Government interference and its policy	23	13	19	10	41	16
Total scores	459 (63.75)	271 (64.52)	450 (68.18)	220 (61.11)	809 (74.91)	312 (65)
Ideal scores	720	420	660	360	1080	480
Least Scores	-240	-140	-220	-120	-360	-160
No. of Respondents	12	7	11	6	18	8

Source: Annexure 1, 2, 3, 4, 5 & 6



Source: Table-3

INTERPRETATION

In the table 33, the total scores are 459, 271, 450, 220, 809 and 312 as against this the ideal scores are 720, 420, 660, 360, 1080 and 480 respectively for the different categories of participants. The percentages of total score to the ideal scores are 63.75, 64.52, 68.18, 61.11, 74.91 and 65 respectively and the average percentage is 66.25. Here, the percentage is low for the semi-urban female and high for the rural male. The average percentage is 66.25 for this group. Hence the entire hypothesis considered for NPA on working capital loan holds good.

2. CONCLUSION

This rural based important financial institution has been facing many problems like defective control, poor staffing, lack of trained staff, poor resources, rigid policies, inefficient management, non-cooperation of other development agencies and more importantly the NPAs. Some models have been presented to overcome the problems and to improve the working of RRBs. For overhauling the Gramya Bank, concerned authorities should formulate suitable policy after taking into consideration different studies and reports of committees and models presented here. If these measures are implemented, working of Gramya Bank will certainly improve and also problem of NPAs will be controlled to a great extent, which will contribute to the rural development of Odisha and Ganjam & Gajapati districts especially.

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ANNEXURES

ANNEXURE-1: PERCEPTION TOWARDS WORKING CAPITAL LOAN (18)						
Variables	Opinion of Rural male					
	SA	A	N	D	SD	Score
	3	2	1	0	-1	
Willful default	10	3	1	1	3	34
Unforeseen domestic problems	11	3	1	1	2	38
Low income generation from project undertaken	11	4	1	1	1	41
Mis utilization of funds	12	3	1	1	1	42
Dispute among partners/distributors	11	2	1	2	2	36
Inefficient management	11	2	2	2	1	38
Business competition	13	2	1	1	1	43
Marketing problem of the products	13	1	1	1	2	40
Technology problems	12	1	1	3	1	38
Lack of fund management expertise	13	2	1	1	1	43
Lack of adequate capital	14	1	1	1	1	44
Wrong identification of beneficiary	9	6	1	1	1	39
Inaccurate pre-sanction security and appraisal	8	7	1	2	0	39
Target oriented approach to lending by the bankers	7	8	2	0	1	38
Absence of credit information sharing among the financial institutions	6	9	0	2	1	35

Delay in disbursement of loan amount	15	1	1	1	0	48
Weak monitoring	12	3	1	1	1	42
Inadequate law to take appropriate action	13	3	1	1	0	46
Delay in project implementation	12	4	1	0	1	44
Government interference and its policy	11	4	1	1	1	41

Source: Compiled from field survey, SA: strongly agree, A: agree, N: neutral, SD: strongly disagree

ANNEXURE-2: PERCEPTION TOWARDS WORKING CAPITAL LOAN (8)						
Variables	Opinion of Rural female					
	SA	A	N	DA	SD	Score
	3	2	1	0	-1	
Willful default	5	1	1	1	0	18
Unforeseen domestic problems	4	1	1	1	1	14
Low income generation from project undertaken	4	1	0	1	2	12
Mis utilization of funds	5	1	1	1	0	18
Dispute among partners/distributors	5	1	1	0	1	17
Inefficient management	4	2	1	1	0	17
Business competition	4	1	1	1	1	14
Marketing problem of the products	4	1	0	1	2	12
Technology problems	5	1	1	1	0	18
Lack of fund management expertise	6	1	1	0	0	21
Lack of adequate capital	5	1	1	1	0	18
Wrong identification of beneficiary	4	1	1	1	1	14
Inaccurate pre-sanction security and appraisal	3	2	1	1	1	13
Target oriented approach to lending by the bankers	3	3	1	1	0	16
Absence of credit information sharing among the financial institutions	3	2	1	1	1	13

Delay in disbursement of loan amount	2	3	1	1	1	12
Weak monitoring	4	2	1	1	0	17
Inadequate law to take appropriate action	5	0	1	1	1	15
Delay in project implementation	4	2	1	1	0	17
Government interference and its policy	4	2	1	0	1	16

ANNEXURE-3: PERCEPTION TOWARDS WORKING CAPITAL LOAN (12)						
Variables	Opinion of urban male					
	SA	A	N	DA	SD	Score
	3	2	1	0	-1	
Willful default	6	3	1	1	1	24
Unforeseen domestic problems	6	4	1	1	0	27
Low income generation from project undertaken	5	4	1	1	1	23
Mis utilization of funds	5	2	2	2	1	20
Dispute among partners/distributors	6	2	1	1	2	21
Inefficient management	6	2	1	1	2	21
Business competition	6	1	2	1	2	20
Marketing problem of the products	6	1	1	2	2	19
Technology problems	5	3	1	2	1	21
Lack of fund management expertise	5	2	2	2	1	20
Lack of adequate capital	5	2	2	3	0	21
Wrong identification of beneficiary	5	3	1	1	2	20
Inaccurate pre-sanction security and appraisal	6	3	2	1	0	26
Target oriented approach to lending by the bankers	7	2	1	0	2	24
Absence of credit information sharing among the financial institutions	7	3	1	1	0	28
Delay in disbursement of loan amount	7	2	2	0	1	26

Weak monitoring	6	4	1	1	0	27
Inadequate law to take appropriate action	5	5	1	0	1	25
Delay in project implementation	5	4	1	1	1	23
Government interference and its policy	7	2	0	1	2	23

ANNEXURE-4: PERCEPTION TOWARDS WORKING CAPITAL LOAN (7)						
Variables	Opinion of urban female					
	SA	A	N	DA	SD	Score
	3	2	1	0	-1	
Willful default	4	1	1	1	0	15
Unforeseen domestic problems	3	2	1	0	1	13
Low income generation from project undertaken	2	2	1	1	1	10
Mis utilization of funds	3	1	1	1	1	11
Dispute among partners/distributors	3	2	1	0	1	13
Inefficient management	3	2	1	1	0	14
Business competition	4	1	1	0	1	14
Marketing problem of the products	4	1	1	1	0	15
Technology problems	3	3	1	0	0	16
Lack of fund management expertise	4	2	0	0	1	15
Lack of adequate capital	4	1	1	1	0	15
Wrong identification of beneficiary	3	2	1	0	1	13
Inaccurate pre-sanction security and appraisal	4	2	0	1	0	16
Target oriented approach to lending by the bankers	3	2	1	1	0	14
Absence of credit information sharing among the financial institutions	2	2	2	0	1	11
Delay in disbursement of loan amount	3	1	1	1	1	11
Weak monitoring	4	1	0	1	1	13
Inadequate law to take appropriate action	3	3	1	0	0	16
Delay in project implementation	2	3	1	1	0	13
Government interference and its policy	3	2	1	0	1	14

ANNEXURE-5: PERCEPTION TOWARDS WORKING CAPITAL LOAN (11)						
Variables	Opinion of semi-urban male					
	SA	A	N	DA	SD	Score
	3	2	1	0	-1	
Willful default	6	2	1	1	1	22
Unforeseen domestic problems	5	3	1	1	1	21
Low income generation from project undertaken	6	2	2	1	0	24
Mis utilization of funds	5	3	1	2	0	22
Dispute among partners/distributors	6	2	1	2	0	23
Inefficient management	5	3	2	0	1	22
Business competition	6	2	2	1	0	24
Marketing problem of the products	7	2	1	0	1	25
Technology problems	7	1	1	1	1	23
Lack of fund management expertise	7	2	1	0	1	25
Lack of adequate capital	7	2	0	1	1	24
Wrong identification of beneficiary	7	2	1	1	0	26
Inaccurate pre-sanction security and appraisal	6	3	1	0	1	24
Target oriented approach to lending by the bankers	6	2	2	1	0	24
Absence of credit information sharing among the financial institutions	6	2	1	0	2	21
Delay in disbursement of loan amount	5	4	1	1	0	24
Weak monitoring	5	3	1	1	1	21
Inadequate law to take appropriate action	5	2	2	1	1	20
Delay in project implementation	5	1	1	2	2	16
Government interference and its policy	5	2	1	2	1	19

ANNEXURE-6: PERCEPTION TOWARDS WORKING CAPITAL LOAN (6)						
Variables	Opinion of semi-urban female					
	SA	A	N	DA	SD	Score
	3	2	1	0	-1	
Willful default	2	1	1	1	1	8
Unforeseen domestic problems	3	1	1	1	0	12
Low income generation from project undertaken	2	2	1	0	1	10
Mis utilization of funds	3	1	1	1	0	12
Dispute among partners/distributors	2	2	1	0	1	10
Inefficient management	3	1	1	1	0	12
Business competition	3	0	2	0	1	10
Marketing problem of the products	2	2	1	1	0	11
Technology problems	3	1	1	0	1	11
Lack of fund management expertise	2	3	1	0	0	13
Lack of adequate capital	3	1	1	1	0	12
Wrong identification of beneficiary	3	1	0	1	1	10
Inaccurate pre-sanction security and appraisal	2	3	1	0	0	13
Target oriented approach to lending by the bankers	3	0	1	1	1	9
Absence of credit information sharing among the financial institutions	3	1	1	1	0	12
Delay in disbursement of loan amount	3	1	0	2	0	11
Weak monitoring	2	2	1	1	0	11
Inadequate law to take appropriate action	3	1	1	0	1	11
Delay in project implementation	3	1	1	1	0	12
Government interference and its policy	2	2	1	0	1	10

GENDER IMPACT ON RISK TAKING BEHAVIOR IN INVESTMENT - A CASE OF DISTT ALIGARH

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ABSTRACT

Risk-taking involves the selection of options that might result in negative outcomes. Risk-taking covers a wide range of activities, such as smoking, driving above the speed limit, and changing or choosing jobs. There is a common stereotype that women are more risk-averse than men. This belief may have its implication on the types of jobs women are offered and the salary they receive. In this study we have analyzed the impact of gender on decision of risk taking in investment activities. Though this study is conducted in Distt Aligarh due to resources and time constraints but it would be helpful to understand the behavior of Men & Women in relation to their perception about investments in general.

1. INTRODUCTION

Investments are defined as the tradeoff of the present consumption for a higher level of future consumption. Those who defer present consumption in the expectation of receiving a greater amount in future are called investors. Risk-taking involves the selection of options that might result in negative outcomes. While present is certain, future is uncertain. Hence, all investments involve risk.

There is a common stereotype that women are more risk-averse than men. This belief may have its implication on the types of activities women may choose. It is a common perception that women are not meant for the kind of jobs and activities required combatively more physical strength than the kind of jobs choose. Since in making investment there is always chances of losing money ,Therefore , Investment also requires the risk bearing capacities on the part of investors .This study is conducted keeping in view the testing of- whether the common perception is true or not, regarding women's behavior in taking risk while making investment by collecting evidence from Distt Aligarh.

2. LITERATURE REVIEW

A number of studies have shown that the economic wellbeing and financial behaviors of men and women differ significantly. Gary Charness and Uri Gneezy (2007) find a very consistent result that women invest less, and thus appear to be more financially risk averse than men. Sung and Hanna (1996) found single women to be less risk tolerant than single men or married couples.

Peggy D et al (2001) find that women exhibit less risk-taking than men in their most recent, largest, and riskiest mutual fund investment decisions. Philip j. Grossman (2008) the findings from field studies conclude that women are more risk averse than men

3. OBJECTIVES OF STUDY

Based on the previous empirical literature and the accepted conceptual framework for investment decisions .This study is an attempt to find out and understand these-

- 1) To know perception of genders regarding investment.
- 2) To understand gender specific requirement.
- 3) Needs to be attached with financial products.
- 4) To find the level of confidence of the genders regarding investment.
- 5) To know the expectations of investing gender.

4. HYPOTHESIS OF THIS STUDY

Hypothesis is a focused statement describing in concrete terms what is expected out of the study. It is still inconclusive whether there exists a difference in the risk taking capabilities of men and women. More over other studies not conducted in India regarding investment gender difference. Hypothesis of study can be stated as:-

Null Hypothesis

Ho: - There are significant differences in investment choice between man & women. Alternate

Hypothesis

H1:- There are no significant difference in investment choice between man & women

5. RESEARCH METHODOLOGIES

Data have been collected by a questionnaire in which respondents asked to give their responses on five point likert scale like

Strongly Agree	-5
Agree	-4
Neutral	3
Disagree	2
Strongly Disagree	1

T test has been used to analyze the data

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
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DATA INTERPRETATION**QUE1. STOCK MARKET IS BEST PLACE FOR INVESTMENT FOR LONG TERM INVESTORS****T-TEST: TWO-SAMPLE ASSUMING EQUAL VARIANCES**

	Variable 1	Variable 2
Mean	2.366667	3.333333
Variance	0.929885	1.471264
Observations	30	30
Pooled Variance	1.200575	
Hypothesized Mean Difference	0	
df	58	
t Stat	-3.41686	
P(T<=t) one-tail	0.000582	
t Critical one-tail	1.671553	
P(T<=t) two-tail	0.001164	
t Critical two-tail	2.001717	

Sol. This data is insignificant because t stat value is less than critical value

QUE.2 IF THERE IS TERRORIST ATTACK IT WILL AFFECT YOUR DECISION OF INVESTING**T-TEST: TWO-SAMPLE ASSUMING EQUAL VARIANCES**

	Variable 1	Variable 2
Mean	2.933333	4.933333
Variance	1.305747	0.064368
Observations	30	30
Pooled Variance	0.685057	
Hypothesized Mean Difference	0	
df	58	
t Stat	-9.35863	
P(T<=t) one-tail	1.71E-13	
t Critical one-tail	1.671553	
P(T<=t) two-tail	3.41E-13	
t Critical two-tail	2.001717	

Sol. This data is insignificant because t stat value is less than t critical value

QUE3. PREFERENCE FOR INVESTING IN UNDERLINE FIXED ASSETS**T-TEST: TWO-SAMPLE ASSUMING EQUAL VARIANCES**

	Variable 1	Variable 2
Mean	4.3	3.866667
Variance	0.7	0.326437
Observations	30	30
Pooled Variance	0.513218	
Hypothesized Mean Difference	0	
df	58	
t Stat	2.3427	
P(T<=t) one-tail	0.011299	
t Critical one-tail	1.671553	
P(T<=t) two-tail	0.022597	
t Critical two-tail	2.001717	

Sol. This data is significant because t stat value is more than t critical value

QUE4. IF THERE IS DECREASE IN SHARE MARKET AND RESEARCHER PREDICT THAT IT WILL INCREASE IN HOUR WILL YOUR DECISION CHANGE**T-TEST: TWO-SAMPLE ASSUMING EQUAL VARIANCES**

	Variable 1	Variable 2
Mean	3.866667	4.6
Variance	1.291954	0.937931
Observations	30	30
Pooled Variance	1.114943	
Hypothesized Mean Difference	0	
df	58	
t Stat	-2.68981	
P(T<=t) one-tail	0.004661	
t Critical one-tail	1.671553	
P(T<=t) two-tail	0.009321	
t Critical two-tail	2.001717	

Sol. This data is insignificant because t stat value is less than t critical value

**QUE5. GIVING TIME TO STOCK TO GET OUT BEFORE IT GOES DOWN OR
GET IN BEFORE IT GOES UP IS RIGHT DECISION****T-TEST: TWO-SAMPLE ASSUMING EQUAL VARIANCES**

	Variable 1	Variable 2
Mean	4.266667	2.433333
Variance	0.478161	1.012644
Observations	30	30
Pooled Variance	0.745402	
Hypothesized Mean Difference	0	
df	58	
t Stat	8.224163	
P(T<=t) one-tail	1.29E-11	
t Critical one-tail	1.671553	
P(T<=t) two-tail	2.58E-11	
t Critical two-tail	2.001717	

Sol. This data is significant because t stat value is more than t critical value

QUE6. PAST YEARS SHOWS THAT INVESTORS HAVE EARNED MORE INSTOCK MARKET COMPARED TO BANK OR POST OFFICE**T-TEST: TWO-SAMPLE ASSUMING EQUAL VARIANCES**

	Variable 1	Variable 2
Mean	4.533333	3.9
Variance	0.533333	0.368966
Observations	30	30
Pooled Variance	0.451149	
Hypothesized Mean Difference	0	
df	58	
t Stat	3.651891	
P(T<=t) one-tail	0.00028	
t Critical one-tail	1.671553	
P(T<=t) two-tail	0.000561	
t Critical two-tail	2.001717	

Sol. This data is significant because t stat value is more than t critical value

QUE7. PRICES OF INVESTMENT INSTRUMENT IN INDIA WHEN COMPARED WITH THE MEASURES OF TRUE FUNDAMENTAL VALUE IS RIGHT**T-TEST: TWO-SAMPLE ASSUMING EQUAL VARIANCES**

	Variable 1	Variable 2
Mean	4.533333	2.2
Variance	0.533333	0.441379
Observations	30	30
Pooled Variance	0.487356	
Hypothesized Mean Difference	0	
df	58	
t Stat	12.94491	
P(T<=t) one-tail	4.72E-19	
t Critical one-tail	1.671553	
P(T<=t) two-tail	9.43E-19	
t Critical two-tail	2.001717	

Sol. This data is significant because t stat value is more than t critical value

QUE8. PREDICTION OF RESEARCHER IS ALWAYS RIGHT**T-TEST: TWO-SAMPLE ASSUMING EQUAL VARIANCES**

	Variable 1	Variable 2
Mean	3.9	2.2
Variance	0.782759	0.372414
Observations	30	30
Pooled Variance	0.577586	
Hypothesized Mean Difference	0	
df	58	
t Stat	8.663356	
P(T<=t) one-tail	2.39E-12	
t Critical one-tail	1.671553	
P(T<=t) two-tail	4.78E-12	
t Critical two-tail	2.001717	

Sol. This data is significant because t stat value is more than t critical value

QUE9. INVESTMENT IN PRIMARY MARKET IS LESS RISKY COMPARED TO SECONDARY MARKET**T-TEST: TWO-SAMPLE ASSUMING EQUAL VARIANCES**

	Variable 1	Variable 2
Mean	3.966667	4.4
Variance	0.585057	1.351724
Observations	30	30
Pooled Variance	0.968391	
Hypothesized Mean Difference	0	
df	58	
t Stat	-1.70546	
P(T<=t) one-tail	0.046729	
t Critical one-tail	1.671553	
P(T<=t) two-tail	0.093459	
t Critical two-tail	2.001717	

Sol. This data is insignificant because t stat value is less than t critical value

QUE10. DROP OUT IN MARKET IS BEST TIME FOR PURCHASING**T-TEST: TWO-SAMPLE ASSUMING EQUAL VARIANCES**

	Variable 1	Variable 2
Mean	4.033333	4.033333
Variance	0.654023	0.033333
Observations	30	30
Pooled Variance	0.343678	
Hypothesized Mean Difference	0	
df	58	
t Stat	0	
P(T<=t) one-tail	0.5	
t Critical one-tail	1.671553	
P(T<=t) two-tail	1	
t Critical two-tail	2.001717	

Sol. This data is significant because t stat value is more than t critical value

CONCLUSION

Most of the solution have less value of t stat from t critical value which shows insignificant of data after this we accept null hypothesis that there is significant difference in investment risk taking. This research provide result which shows the evidence of risk taking differences between males and females. The research support the ping that males are more risk taking than females. The study show that females prefer risk free investment while males prefer risky investments. But this study was based on small section of population of Aligarh city and warrant further study.

Questions.	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. Stock market is best place for investment for Long term investors.					
2 If there is terrorist attack it will affect your decision of investing.					
3. Preference for investing in underline fixed assets.					
4. If there is decrease in share market and researcher predict that it will increase in hour will your decision change.					
5. Giving time to stock to get out before it goes down or get in before it goes up Is right decision.					
6. Past years shows that investors have earned more in stock market compared to Bank or post office.					
7. Prices of Investment instrument in India when compared with the measures of true fundamental value is right.					
8. Prediction of researcher are always right					
9. Investment in primary market is less risky compared to secondary market.					
10. Drop out in market is best time for purchasing.					

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CUSTOMERS PREFERENCE AND SATISFACTION TOWARDS BANKING SERVICES WITH SPECIAL REFERENCE TO SHIVAMOGGA DISTRICT IN KARNATAKA

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ABSTRACT

After the implementation of government policies on globalization and liberalization, the banks provide a variety of products and services to the customers. The various services offered by the banks can be utilized by the customers only when they are made aware of these services. The banker and customer have to know about one another. The banker has to understand the customers' needs and in the same way, the customer has to know about the various services offered by the banks. Increased level of awareness among the customers leads to increased preferences. The purpose of this study is to investigate the preference and satisfaction level of customers towards loans, deposits schemes, insurances and value added services rendered by private and public banks in Shivamogga district. The present study is to compare and analyze the customer preference and satisfaction towards banking services both private and public banks in Shivamogga district.

KEYWORDS: *services quality, perception, banks.*

1. INTRODUCTION

After liberalization, privatization and globalization (LPG) policy enactment, Indian banking industry has undergone tremendous qualitative changes. To face macro changes, many of the banks have framed strategies to survive by concentrating on rapidly changing markets, new technology, solving trade union issues, foreign banks entry, bank regulations, economic meltdown, and fierce competition and have also understood the realities of long term survival which depends on the satisfaction of customers expectations. Still many of the banks are facing challenges to understand the mindset of their clients due to often changing preferences and expectations of the customers. The banks also rarely evaluate customer expectation. But well known MNC companies continuously evaluate the consumers' mindset with the help of marketing consultants, educational institutions and then concentrate on fulfilling their requirements. As V Krishnamurthy (Staff reporter, The Hindu) of Banking ombudsman for kerala and Lakshadweep Islands, said Indian banking industries biggest challenge is not from its trade unions and foreign banks, but meet in the rising hopes of the customers. Now days most of the winning companies are focusing on continuously fulfilling their clientele expectations or beyond, like customer delight. The most popular view of customer satisfaction by academia is that customer satisfaction is the judgment borne out of the comparison of pre-purchase expectations with post-purchase evaluation of the product or service experience. Customer satisfaction is a post-purchase judgment or evaluation done by customers by comparing their pre-purchase expectations. Of it results in positive values,

then one can assume that customers get satisfied and then it is easy for bankers to retain or delight them for longer periods, consequently bringing in profitability.

NEED FOR THE STUDY

In the current trend, customer satisfaction plays a major role in all parts of the services. This research work is used to predict the over-all customer satisfaction and dissatisfaction with banking services with help of loan services, bank deposits, insurance services and value added services and how gender and income influence the kind of loans offered by banks. An assessment was made to understand the relationship between marital status and changes recommended to commonly accepted services. This study helps to identify the customers' preferences and satisfaction of banking services.

OBJECTIVES OF THE STUDY

In the light of the above background, the main objective of this study is to identify the banking services in the Shivamogga district. The study is conducted with the following three objectives:

- 1) To determine the perceptions of customers regarding the service quality in banks
- 2) To analyze and compare the service quality perceptions of the customers in public and private sector banks.
- 3) To come out with conclusions based on analysis of primary data

SCOPE OF THE STUDY

A number of surveys are conducted in the main cities of India like Bangalore, Chennai and Delhi but the customers of the big cities differ with the customers of small cities in attitude, usage pattern and recall etc., therefore the present work has been undertaken in the Shivamogga district the most people are being in use of banking services. This study is mainly confined to the customer preference and satisfaction towards banking services only, who have been using the particularly ATM, and mobile banking in Shivamogga district of Karnataka state.

METHODOLOGY AND RESEARCH DESIGN

This study is an empirical study; it is based on the primary and secondary data. The primary data relating to the level of preferences and satisfaction customer of the banks about the services offered by commercial banks were collected from persons having their accounts in any public sector bank or private sector bank in Shivamogga district by interviewing them directly by the researcher with the help of an interview schedule. Secondary data were obtained from different brochures of banks, websites of banks, magazines and journals.

SAMPLE SELECTION

For the purpose of the study, totally two leading commercial banks are selected one public sector banks and another one private sector banks, they dominate the market in the category of different banking services in Shivamogga district. The selected banks are ICICI bank and SBI bank. The names of these banks were placed in the BEST BANK 2006 award panelists, conducted by business India Magazine (December 17, 2006). So, it is perceived that an analysis of the primary data collected through the survey conducted among the customers of these banks would help to understand the perception and satisfactions about banking services.

SAMPLING METHODS

The personal judgment method has employed for the selection of banks, where two banks has been chosen for the study. By using simple random method 75 customers has selected from each bank. This sample pack of 150 customers, has duly calculate on the base of sampling proportion. In the present research the stratified and area sampling are used for collection of primary data. Also the sample is divided into five areas around shivamogga district, that is Bhadravathi area, Sagar area, Thirthalli area, Honnali area and Mattur area.

STATISTICAL TOOLS

Percentage method is used for analysis of data. The result of the research is presented through tables followed by pie charts and bar graphs.

LIMITATION OF THE STUDY

The primary data is collected through a structured questionnaire and the sample size is only limited to 150 respondents.

INTERPRETATION AND ANALYSIS OF DATA

TABLE 1: CLASSIFICATION OF TABLE ON THE BASIS OF DEMOGRAPHIC PROFILE

S. No.	Characteristics		No. of Respondents	Percentage
1	Gender	Male	114	76.00
		Female	36	24.00
2	Age	Below 25	24	16.00
		26-35	31	26.67
		36-45	79	52.67
		Above 46	16	10.66
3	Marital Status	Single	54	36.00
		Married	96	64.00
4	Occupation	Business	42	28.00
		Employees	64	42.67
		Professional	23	15.33
		Others	21	14.00

5	Education	Up to SSLC	42	28.00
		UG	77	51.33
		PG	24	16.00
		Professional	07	04.67
6	Annual Income	Below 50000	123	82.00
		50000-100000	19	12.67
		Above 100000	08	05.33

Source: Collected through primary data

It is very important to categorize the respondent's demographic profile because it gives a broad picture and helps bankers to analyze the demographic factors which influence and are associated with the satisfaction levels. In the gender response rate of the survey, male participants were five times more than female participants, as it is indicated 114 (76%) responses from males and only 36 (24%) from females. 96 (64%) of the respondents were married and the remaining 54 (36%) of the respondents single.

Age is an important influencing factor in operating bank transactions, similarly the factors viz., education, occupation to some extent, decides the usage of banks services. From the study, it was seen that majority (52.67%) of the respondents were from the middle age category (36-45), followed by 31 (20.67%) of the respondents in the age group of 26-35, 16% of the respondents were under the age group of below 25 and 10.66% of the respondents in the age group above 46.

Occupation is a predominant factor that reveals the customer social class, life style and willingness to buy and ability to buy because occupation provides the income which influences the purchases and services. Among the 150 respondents, 42.67% of respondents currently work as private or government employees, followed by 42 (28%) of the respondents doing business, 15.33% of the respondents were professionals like lawyers and engineers, etc., and remaining 14% of the them were farmers, daily laborers, contract workers, etc. we know that occupation and income are interrelated, i.e., customers who earn less may take into account the price or next time services or customers who earn more, may not bother about the high priced services.

From table 1, it is observed that 82 % of the respondents belong to the income level of below Rs. 1 lakh, 12.67% of the respondents come under the income level of Rs.1-3 lakh and remaining 5.33% of the respondents are earning above Rs.3 lakh. And 51.33% of the respondents are graduates, 28% of the respondents have studied up to SSLC, 16% of the respondents were postgraduates and remaining 4.67% of the respondents are professionals like engineers and lawyers, etc.

TABLE 2: CLASSIFICATION OF TABLE ON THE BASIS OF CUSTOMERS' BANK DETAILS AND NO. OF YEARS OF EXPERIENCE

Characteristics	Name of the Bank	No. of Respondents	Percentage
Customers account holding banks details	SBI	76	50.67
	ICICI	74	49.33
No. of years experience with respective account holding bank	Above 12 years	18	12.00
	10- 2 years	15	10.00
	7-9 years	43	28.67
	4-6 years	52	34.67
	1-3 years	22	14.67

Source: Collected through primary data

Table 2 reveals the details about the customers having accounts in specific banks and the number of years of having transactions with two banks. It is highlighted that 50.67% of the respondents have their account in State Bank of India (SBI), 49.33% of the respondents in ICICI bank. another inferred that 34.67% of the respondents have 4-6 years of experience with the same bank, followed by 7-9 years of bank transaction experiences as assigned by 28.67% experience of the respondents had 1-3 years of experience while a very minimal 14.67% of the respondents with their respective banks.

TABLE 3: CLASSIFICATION OF TABLE ON THE BASIS OF CUSTOMERS' PREFERENCES AND SATISFACTION OF BANK LOAN AVAILED

S. No	Characteristics	Name of the Bank	No. of Respondents	Percentage
1.	Availed bank loan	Yes	98	65.33
		No	52	34.67
2.	Kinds of loan	Housing loan	24	16.00
		Personal loan	27	18.00
		Vehicle loan	21	14.00
		Business loan	39	26.00
		Jewel loan	19	12.67
		Agricultural loan	20	13.34

3.	Opinion about interest rates on loan availed	Very low	09	06.00
		Low	14	09.33
		Moderate	64	42.67
		High	43	28.67
		Very high	20	13.33
4.	Loan processing time	Very slow	52	34.67
		Very quick	98	65.33
5.	Reason for preferred particular bank for availing loans	Facilities	27	18.00
		Initial interest rate	64	42.67
		Good service of bankers	59	39.33
6.	Opinion about over-all satisfaction level of bank loan service	Highly satisfied	13	08.67
		Satisfied	74	49.33
		Dissatisfied	43	28.67
		Highly dissatisfied	20	13.33

Source: Collected through primary data

Table 3 shows the customer preferences and their satisfaction with respect to bank loans availability. It is measured through customers' opinion about interest rates, loan processing time, reason for preferring particular banks services and overall satisfaction. Out of 150 respondents, 26% of the respondents were having business loans, followed by 14% having vehicle loans. A meager number of respondents had availed agricultural loans 13.34%, followed by jewel loans 12.67%.

Questions were posed to get opinion about interest rates on availed bank loans, in that majority of the respondents (42.67%) opined that interest rates on bank loans are acceptable, very low and low interest rate was responded by 6% and 9.33% of the respondents respectively while it is compared with calculated response of the very high (13.33%) and (28.67%) only few people are dissatisfied with interest collected. It indicates that there were chances that customers had no clear idea about interest rates while availing bank loans, getting late awareness about exact interest, late payment fine or charges, etc.

When opinion was asked about processing time of loan, majority of the respondents opined that bankers' time taken to process the loan requested is reasonable and acceptable, followed by 65.33% of them who opined that loan processing time is very quick and remaining 34.67% response supports loan processing time as very slow. Customers' pleasure highly depends on many factors of the quality and quantitative services of the banks while our empirical survey results are more supportive of only three factors, i.e., 42.67% of the respondents are attracted by initial interest rates offered by banks, 39.33% of them preferred particular banking services due to good services assistance provided by banking employees and only few 18% respondents preferred the bank due to facilities like easy accessibility, online banking etc.

Finally when we come to know about bank loan availed by customers were asked for the overall satisfaction, majority of them were satisfied with the current bank services (49.33%), followed by 28.67% of the people who were dissatisfied due to tardy services, penalties, fears of threatening, interest rate confusion, hidden charges and 13.33% of the respondents were highly disturbed and confused with interest rate charges, hidden cost, unknown deduction, etc., consequently fostering a high level of dissatisfaction. Hence, the bankers should treat customer issues in a solvable manner, then only any bank can retain the customer for a long term else there may be chances of customer switchovers and loss of profitable customers.

TABLE 4: CLASSIFICATION OF TABLE ON THE BASIS OF CUSTOMER PREFERENCES AND SATISFACTION ON BANK DEPOSIT SCHEMES

S. No	Characteristics	Name of the Bank	No. of Respondents	Percentage
1.	Dealing with deposits	Yes	112	74.67
		No	38	25.33

2.	Kinds of deposits	Fixed deposit	48	32..00
		Demand deposit	26	17.33
		Recurring deposit	29	19.33
		Tax saver deposit	10	06.67
		Others	37	24.67
3.	Reasons for preferring deposit schemes	Service	31	20.67
		Interest rates	52	34.67
		Schemes	16	10.67
		Safety	38	25.33
		Others	13	08.67
4.	Opinion about interest rates on deposits	Low	89	59.33
		Moderate	53	35.33
		High	08	05.33
5.	Overall satisfaction	Yes	87	58.00
		No	63	42.00

Source: Collected through primary data

Table 4 represents, that, out of 150 respondents, 25.33% of them are not dealing with any type of deposit schemes. Out of 150 respondents had fixed deposits 32% and demand deposits 17.33%. 24.67% of the respondents invested in other deposit schemes like other forms of term deposits, current accounts, and deposits insurance. Rest of the respondents 6.67% invested in tax saver deposits. However, choosing a particular bank and its service schemes depends on the psychological factors like preferences, perception about schemes offered, influence of media, relatives, colleagues as well as mindset of the people.

Our research work estimates that the interest rates offered by banks 34.67%, safety 25.33% and services of the bank 20.67% were majority of customer preference factors for choosing particular deposit schemes. Specific attention is paid to know about opinion on interest rates on deposits and 59.33% of the customers opined that it was very low; nevertheless 35.33% of the respondents' opinions were favorable to bank interest rates. Ultimately 58% of the bank customers were satisfied and overall satisfaction on bank deposits schemes resulted positively.

TABLE 5: CLASSIFICATION OF TABLE ON THE BASIS PREFERENCES AND SATISFACTION LEVEL OF VALUE ADDED SERVICES

Value addedservices	Good	Moderate	Poor	Total
ATM	28	16	02	46
Locker facilities	14	06	01	21
Mobile banking	24	02	0	26
Net banking	15	02	0	17
Others	29	11	0	40
	110	37	03	150

Source: Collected through primary data

More banks are offering similar value added services such as mobile banking (customer convenience), SMS banking (account balance, last few transactions, cheque-book requests and updated interest rate charges). For examples, ICICI bank uses immobile (mobile banking platform) for paying utility bills, insurance premiums, and account transactions to other banks. SBI mobile banking moves are similar to that of ICICI bank and it allows its customers to pay telephone bills, fund transfer, utility bills, recharge of mobile SIM cards, etc.

Nevertheless the commonly used value added services are: ATM (46 users) locker facilities (21 users), mobile banking (26 users), net banking (17 users) and tele-banking, online fund transfers, 24*7 customer care, etc., are categorized as others (only 40 users) and successful reach of these services are highly influenced by factors like customer needs, wants, expectations, preferences, knowledge about usage of value added services as well as length of value added services offered by bankers. Respondents were asked to rank the level of satisfaction of the five commonly known and used value added services (refer table 5). ATM was ranked first, rank two was assigned to other value added services like tele banking, 24*7 customer care, SWIFT operations, NRI accounts, E-ticketing, E-taxing, credit cards, debit cards, etc. table 5 shows that rank 3 goes to mobile banking as it indicates increase in usage of mobiles day by day for the various purposes while chances of usage of net banking was low, due to confusion, poor internet literacy, fear of online theft, no training on this aspect etc hence it was given the last rank.

FINDINGS AND SUGGESTIONS

- 1) Male respondents are higher than the female respondents, 64% of the respondents were married, and 52.67% of the respondent's age was between 36-45, 42.67% of the respondents were working in private or government departments and majority of the respondents (82%) income was below one lakh per annum. Very few respondents had professional qualifications like engineering, law, etc. hence; it is good to concentrate on female segment by offering different benefits.

- 2) It is found from the study that 34.67% of the customers had at-least 4-6 years of experience while customers with 10-12 years experience were only 10%. SBI is 50.67% of the respondents were customer compared to ICICI bank.
- 3) It is found from the study that, among 150 respondents' business loan 26% and vehicle loan 14% were the most preferred loans. Out of 150 customers were very quick satisfied with the loan processing 65.33% and remaining 34.67% of the customers were slow processing of loan. Hence the banker should treat these customer issues in a solvable manner, and then only they can retain customers.
- 4) Out of 150 respondents, only 32% respondents had opened fixed deposits account, 6.67% of the respondents who invested in tax saver deposits. It is found from the study that interest rates offered by banks 34.67%, safety 25.33% and services of the banks 20.67% are major customer preference factors for choosing particular deposit schemes. Overall satisfaction on bank deposit schemes resulted positively and respondents satisfaction is higher than the dissatisfied customers and this point was well supported by low 59.33% and moderate 35.33% opinion about interest rates on deposit schemes but the number of non investors in deposits is high due to low interest rates which made them move to other investment avenues like securities, chit funds and other financial institutions giving more returns against investment.
- 5) Current financial investment scenarios face serious challenges like global meltdown fear of share market, more risk and insecurities in financial sector. These fear factors alert each and every person to go for safer, secured, less risky investments. At this moment, if banks do customer drives and awareness advertisements, promotional schemes about its deposit schemes, it can result in 20-30% increase in deposit schemes.
- 6) In value added services ATM was given rank first and last rank was given to Net banking. Married customer's expectation is higher than single respondents.

2. CONCLUSION

The study is aimed at measuring the customers' preference and satisfaction levels for two basic services offered by private and public bank in Shivamogga district. Business and vehicle loans are fast moving than other services and overall satisfaction resulted at 50%. Further, overall satisfaction on bank deposit schemes resulted positively while other services of banking still need to be given attention by focusing on customer issues. New innovative schemes, strategies to cater to non users other services have to be adopted. A study or future research is recommended on all verticals of banking services. In value added services customer preference for net banking was least ranked and if the bankers with to increase net banking traffic, bankers should take maximum efforts to educate the customers by offering on line training instead of handing out instruction manuals. Finally, if they want to sustain customers on a long term basis, bankers should work towards 100% customer satisfaction that automatically fosters customer delight.

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ENTREPRENEURSHIP, ECONOMIC GROWTH AND INCLUSIVE ENTREPRENEURSHIP POLICY INITIATIVES OF GOVERNMENT OF INDIA

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ABSTRACT

In the competitive era of diminishing job opportunities in all the sectors. The need of the hour is to find viable opportunities in the self-employment & scope of entrepreneurship to achieve the said goal. The present paper analyzes the role and importance of women entrepreneurship & the contribution of women entrepreneurial endeavors' in economic growth of the nation. The understanding of the initiatives of Government of India undertaken towards inclusive entrepreneurship are also studied.

1. INTRODUCTION

Entrepreneurs shape the economic destiny of nations by creating wealth and employment, offering product & services and generating taxes for Govt. as well. Entrepreneurs are believed to convert ideas into economic wealth, growth and opportunities. Thus the Governments across nations are striving for the competent group of Entrepreneurs in the countries to fasten the economic growth of the country.

Many studies have also suggested that there is a strong relationship between the level of entrepreneurial activities in a region or a country & its rate of economic growth (carree & thwrik, 1998 and 2002). The Global entrepreneurship Monitor (GEM) in its report of 2002 also suggests that there is no country that has high levels of entrepreneurship & low levels of economic growth. In the Indian context also in a study by Awasti et. al (2006) found a similar trend on the basis of a cross section of data for 17 Major States of the country, a positive impact of the index of entrepreneurship on per capita income of the country.

The Developed nations have been successful in producing/facilitating such group of people, which are instrumental in bringing economic stability in the country which in return is instrumental in creating stable governments as well. Most of the developing nations suffer from dearth of such Entrepreneurs because of which such nations are poor despite their rich resource endowments.

The role of entrepreneurship is not confined only to creation of enterprises, but also includes creation of capacity to produce wealth, Jobs & income, which are most direct indicators of economic development. The under development is not because of the lack of natural resources but because of the absence or inadequate supply of entrepreneur. If only natural resources were the key determinants of economic growth the entire African continent would have been developed and within India, states like Assam, Bihar, Madhya Pradesh, Orissa etc. would have been leading the growth trajectory of the country. In fact, economic growth is the out-come of entrepreneurial endeavors. They pool together and organize various factors of productions.

They explore opportunities, convert ideas into viable propositions leading to provision of new products and services to society. They change the way we live.

Having understood the need & importance of entrepreneurship, it can be inadvertently stated that our country needs opportunity & innovation driven entrepreneurs. But the question arises from where this group of people (entrepreneur) comes from or also whose responsibility is it to groom and identify such people. The answer probably is, it is policy makers, society, family educational institutes, R&D institutes & various other allied departments which foster entrepreneurial skills etc. are responsible for identifying and grooming such people. India is committed towards bringing in & inculcating in the society entrepreneurial temper in the society. The spirit of entrepreneurship is inculcated in the society through multifarious techniques /institutions/procedures.

The present study is an attempt to analyze the inclusive entrepreneurial development policy initiatives of the Government of India, under the aegis of National Entrepreneurial policy. Besides that an understanding about the S&T initiatives undertaken by the policy makers to foster entrepreneurship (especially amongst women) is also studied.

2. METHODOLOGY

In the present paper inferences are drawn about following.

- 1) Inclusive entrepreneurial policies/initiatives Government of India (specifically targeted for women entrepreneurs).
- 2) Analyzing the S&T initiatives undertaken by the Government of India in National Entrepreneurial Policy.

Entrepreneurship is a social phenomenon and which is not inherent within a person, it reflects the ray of hope for the unemployed to earn a livelihood and maintain a dignified life and also for economic development of the country. India's vision of emerging as a superpower by 2020 will pivot momentarily on entrepreneurial shoulders. Theoretically entrepreneurship refers to an act of setting up a new business or reviving business so as to take advantage from new opportunities. Thus, entrepreneurs shape the economy by creating new wealth and new jobs and by inventing new products and new services. In reality it is an attitude to create something new and an activity which creates value in the entire socio-economic system. It is a psyche-make up of a person. It is a state of mind which develops naturally based on his/her surrounding and experiences, which makes him/her think about life & career in a given way.

WOMEN ENTREPRENEURSHIP

Empirical evidence shows that women contribute significantly to the running of family business mostly in the form of unpaid effort and skills. The value of this effort is underestimated both by the families and is limited just to the academic studies only. Women entrepreneurship is an important contributor in economic development, wealth creation and innovation around the world (Diana Project, 2005). The size & growth of this phenomenon has attracted significant attention from academicians, practitioners & policy makers. Having understood the importance of women entrepreneurs in the global economy it should be expected that there is a high representation in the ownership and management of the business enterprises. On the contrary figures do not authenticate the same. The US bureau of census reports only 38% of the business units in US were owned by women in 1999. The comparative figures of India in a third "All India census of

small scale Industries” conducted in 2001-02 & in the subsequent estimates reflect only 10.11% of the micro & small enterprises in India are owned by women, while only 9.46% of MSE enterprises were managed by women. As per 2006-07 then estimated number is 12.99 lacs women owned enterprise & 12.15 lacs women managed enterprise. By 2003 women were clearly recognized as a driving force in an economy, whether measured by number of business owned or managed, the revenues generated or by the number of people employed. All the countries around the world including India indicate similar numbers emphasizing the importance of these women and the business they start in a variety of Geographic situations. Unfortunately, the research and dissemination of information about female entrepreneurship lags their growth & impact worldwide. The academic attention to the phenomenon also remains fragmented & limited. In the past decade the women entrepreneurship has made a notable progress and relevant body of knowledge is being developed. Significant advances have been made in understanding women entrepreneurs and their business. The present study is an attempt to contribute in the given emerging field of knowledge.

NATIONAL ENTREPRENEURIAL POLICY OF INDIA

(Efforts towards technology driven innovative entrepreneurship and towards fostering inclusive entrepreneurship.) The Government of India both in spirit and practice is committed towards making India a front ranking entrepreneurial. Both vision & mission statements reflect the same:

VISION

To place India in the comity of front ranking entrepreneurial & innovative nations.

MISSION STATEMENT OF NATIONAL ENTREPRENEURIAL POLICY OF INDIA

“To create an ecosystem in India wherein opportunity based and innovative entrepreneurship germinates, sustains and grows leading to create a more dynamic and entrepreneurial economy”

INCLUSIVE ENTREPRENEURSHIP

The overall objective of the entrepreneurial policy is to create conducive conditions that create opportunity driven entrepreneurs. “The policy document specifically focuses on meeting the needs of under represented target group. The inclusive entrepreneurship’ is promoted by bringing women, minority, communities, SC & ST and other under privileged groups within the ambit of policy so that they get their fair share in the Government efforts to promote entrepreneurship. Provisioning business development services and business counselling of these target groups will be ensured given its importance in promoting & maturing entrepreneurs based on these broad strategies, specific policy instruments have been created to achieve the said goals.

POLICY INSTRUMENT FOR FOSTERING INCLUSIVE EDUCATION

The ownership data from the 4th census of micro, small and medium enterprises conducted by the office of the Development Commissioner-MSME’s Government of India clearly shows that despite almost 50% of their share in population, women contributes for only 7.36% of the ownership of MSME’s in India. Government realizes that under-development of these communities and regions is primarily because of the uneven Development of entrepreneurship that has led to their entrepreneurial alienation. To achieve the goal of inclusive entrepreneurship development, the Government will address reasons behind under representation in these segments which include providing access to information, credit market binbages & managerial

competencies, as a comprehensive package. A special effort is made to involve national & state agencies engaged in helping disadvantaged and marginalized groups of populations to improve their lot.

THE AGENCIES INVOLVED ARE

- National SC finance & Development Corporation (NSCFDC) National Minorities Development & Finance Corporation (NMDFC).
- National Backward Classes Finance Development Corporation (NBCFDC)
- National DSC & ST Finance and Development Corporation, National Safai Karamcharies, Finance & Development Corporation (NSFDC)
- National Handicapped finance Development Corporation (NMFDC)
- Rashtriya Mahila Kosh (RMK)
- State women economic Development Corporations (WEDC's) etc, in proactively promoting entrepreneurship among their target communities.

SUMMARY

Entrepreneurship is recognized as a life line for the economic growth of the country. In principle both in theory and practice, the entrepreneurial temper has to be inculcated and infused among the masses. Since, both men & women are equal partners in all walks of life especially in the economic development (as reinitiated in many studies). It is therefore very important that special efforts are made for promoting women entrepreneurship. The Analysis of the policy document of Government of India & the schemes favouring women entrepreneurship both are in line with the said principle. Despite strong policy backup the less number of women entrepreneurs in the country is a cause worth probing, the future researches need to focus in the said direction i.e probably in the implementation process.

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EXECUTIVE ROLE EFFICACY AMONG KNOWLEDGE WORKERS (AN INVESTIGATION INTO THE SELF PERCEPTIONS IN THE HIGH TECH INDUSTRIAL SECTOR OF THE TRICITY OF MOHALI –CHANDIGARH –PANCHKULA)

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1. INTRODUCTION

This is an investigative paper based on human Resources Management deals with the enhancement of motivation levels of the organization's internal customer such that the per capita increase in effectiveness and efficiency levels of production (of goods and services) is brought about in such a way that the external customer's needs are more than adequately satisfied. This is therefore far more than what conventional personnel management aimed at and conventional industrial relations forms a sub-function of this specialization. It is argued that the per capita increase inefficiency and effectiveness is not possible to be brought about unless the self-perception of the internal customer is enhanced. The internal customer must begin to believe in herself/himself and thereby bring about a qualitative and quantitative improvement in the role fulfillment process itself. It is one of the principle tasks of HRM intervention to make this happen. This paper is to find out high attrition in the software industry is principally because technocrats do not have a sense of belongingness with the organization. It is wrong, we argue, to say that their loyalty lies with technology as some CEOs claim. Their loyalty is to their values and technology forms a part of their value framework. As long as their values are in consonance with the values of the organization they will stay on. If the two sets of values are at variance they will either change their own values or quit. With a receptive labor market the second option is found to be a better one to adopt for these young technocrats.

This microeconomic reality had to contend with a post 1990 macroeconomic realism, which took the shape of liberalized markets, privatized means of production and globalize competition. The macroeconomic reality expected organizations to operate on the cutting edge of technology. The executives employed therein were expected to be effective and efficient thereby affording the

much needed competitive edge. They are asked by their employers (to use Tom Peters' euphemism) to thrive in chaos. Faced with this macroeconomic need to perform better, the executive looked upon infrastructure to support him. That was conspicuous by its absence. What was present was a general air of anomie that pervaded the city alongside of a general atmosphere of belligerence to all forms of organized development born out of years of retarded capitalism. In this socio-cultural malaise there were sprouting all sorts of fundamentalist organizations, which evoked all forms of metaphysical constructs without an adequate philosophical basis. Religion was reduced to vulgarized ritual at best and politicized power grabbing at worst. A veil that was so thick that one could not see the wood for the trees. Blind belief and dogma shrouded the greatness of Hinduism, Buddhism, Christianity and Islam. Priesthood (irrespective of religion) had become to many a means of continued and assured employment rather than an act of faith. Politicians exploited this situation wherever possible. Hence full political mileage was made from the most trivial of events by invoking either the wrath of God or the appeal to Bernard Shaw's middle class morality, and that too of a retarded variety. But the organizations had to thrive and succeed, for which they depended on their executives to deliver. Society registered development less growth and there was a crying need to deschool society (using Ivan Illich's term). Everyone we spoke to agreed but who would bell the cat was the million-dollar question.

Everyone wanted to be a professional but circumstances dictated otherwise. Everyone claimed to be a professional but was actually looking for short-term pecuniary benefits only. The true professional felt like a fish out of water. This would, it was felt, give rise to further alienation and consequent frustration in the high-tech sector after the stock prices crashed in April 2001. This situation was exacerbated as the mindset of the superstructure i.e. the bureaucracy which was continuously oscillating between rhetoric and fundamentalist dogma leading unfortunately to a state of social anarchy. To test this broad hypothesis, the well-known and well-accepted instrument developed by Uday Pareek and T V Rao was used and this paper is the result of the findings. The approach to this subject herein is not from a position of organizational behavior as may have been expected but rather from a business policy perspective. And that is what makes this paper different from other studies of this kind.

We isolated the knowledge worker for examination because we are living in the age of the intellect and a lot is said and done in the name of this new species of the genus from which Marx's proletariat had sprung.

OBJECTIVE OF STUDY

For the above to fructify, there is a need for at least the managers to have absolute role and goal clarity. Once this is achieved then the question of efficiency and effectiveness becomes easier to tackle, since this clarity gives the desired direction for thought and a desired attitude for action. And, once this is brought about, one can meaningfully speak of developmental growth in the organization. Without it, what may happen is development-less-growth at best and confusion at worst. This paper examines the role efficacy of managers in twenty randomly handpicked organizations in the manufacturing and processing industrial sectors in Tricity: Chandigarh, Panchkula & Mohali.

SIGNIFICANCE OF STUDY

Having examined the role efficacy, this paper ventures into the area of HRM strategy, which

should be brought forth as a result of this sort of diagnosis.

WHAT IS KNOWLEDGE WORKER/ ROLE EFFICACY

Role is defined as the position a person occupies as determined by expectations from significant persons, including the person himself. As some scholars like Narayan Sheth would say, it is a structural-functional notion. Since the role consists of expectations, which the role occupant has from his own role, as well as expectations from different significant persons who work and interact with the role occupant, the role has a much broader purview than the job. When an individual is assigned an organizational role, he strives to be effective. For this, not only does she/he respond to other's expectations from the role, but also does she/he create such expectations. In this process some individuals perceive abundance of resources in the organization as well as in themselves; they feel elevated in utilizing organizational and personal resources. On the other hand, some other individuals in the same role set perceive inadequacy, both in organizational and personal resources, for meeting the expectations of their role. They face a number of problems that cause anxiety, tension and stress. Thus, there appears to be a need to explore the process as to why some individuals feel elevated in meeting their role expectations. There is also a need to understand why and how other individuals feel conflict and stress in fulfilling the demands of their role.

ROLE BEHAVIOR

Behavior of individuals in relation to their role expectations is called role behavior. We adopted this working definition. According to Kahn et al.(1964) role behavior is usually role taking behavior of all the people in the organizational milieu. Such a behavior is reinforced by the organizational system. Role behavior in reaction to role prescription causes stress in the individual, resulting in absenteeism, indifference, sickness and sudden or insidious decrease of productivity in the organization. Voluminous research has been carried out in the recent years on the varied nature of role stress interrelation to various personal, group and organizational variables. It shows that the role stress reduces pleasantness from the job and increases fatigue. It also reduces one's capacity to utilize and mobilize resources available in them as well as in the individual.

Both the organizations and the individuals have to deal with this situation by keeping the role occupant plan for his own role. The process of enriching the role is called "role efficacy". The concept of role efficacy or role making, it may be argued, is not a new concept in India. It has its roots in the Bhagwat Geeta, which preaches the individual to feel pleasure in each and every process of work (karma) and not bother about results. But role efficacy is born out of self worth, or what Rene Descartes would have called cogito ergo sum.

Research has found that role efficacy reduces role stress since clarity obviates uncertainty, which is a great stressor. Leadership, furthermore, works smoother and delivers better results in a conducive work environment. This ultimately influences role efficacy of organizational members and productivity of organizations. Role efficacy has been found to bring about a significant improvement in the performance of organizational members. It has been seen that there is a positive change in interpersonal relations as well as overall job behavior with role efficacy.

ROLE SPACE

Each individual occupies and plays several roles. Many married couples fall out with one another because each is encroaching on the other's space and denying the other his/her individuality. Paternalistic parents imbibe this in their children and this spills over in their work life behavior as well. An individual X is a daughter, a mother, a salesperson, and so on. All these roles constitute her role space. In the center of the role space is the self. Role space thus can be defined as the dynamic interrelationship both between the self and the various roles an individual occupies, and amongst these roles.

ROLE SET

The expectations of other significant roles and those of the individual himself/herself/himself define the individual's role in the organization. The role set is the pattern of relationship between the role and other roles in the organizational context as well as in the general environmental context.

Some factors, which reduce the role effectiveness of individuals in organizations, especially those we studied are as follows:

- 1) **INTER-ROLE DISTANCE:** It is the difference between the organizational and non-organizational roles. For e.g. the difference a person perceives in her role as an executive and as a wife.
- 2) **ROLE STAGNATION:** This is a result of the gap between the demand to outgrow a previous role and to occupy a new role effectively. It is a feeling of being stuck in the same role.
- 3) **ROLE EXPECTATION CONFLICT:** This type of stress is generated by different expectations by different significant persons about the same role, and the role occupant's ambivalence as to whom to please.
- 4) **ROLE EROSION:** This is a function of the role occupant's feeling that some functions which should properly belong to her role are transferred to or performed by some other role. This can also happen when the role occupant performs the functions but the credit for them goes to someone else.
- 5) Another manifestation is in the form of under-utilization in the role designated.
- 6) **ROLE OVERLOAD:** When the role occupant feels that there are too many expectations from the significant roles in this role set, she/he experiences role overload.
- 7) **ROLE ISOLATION:** This refers to the psychological distance between the occupant's role and other roles that in the same role set.
- 8) **PERSONAL INADEQUACY:** This type of feeling arises when the role occupant feels that she/he does not have the necessary skills and training for effectively performing the functions expected from her role.
- 9) **SELF-ROLE DISTANCE:** When the role a person occupies goes against her selfconcept then she/he feels self-role distance type of stress. This is essentially a conflict arising out of mismatch between the person and the job.
- 10) **ROLE AMBIGUITY:** It refers to the lack of clarity about the expectations of role which may arise out of lack of information or understanding.

INDUSTRIAL ORGANIZATIONS IN SEEPZ AND MIDC (MAROL)

Accordingly, we administered the Role Efficacy Study to a representative cross-section of the

industries in Tricity (Chandigarh, Mohali and Panchkula). Indian Organizations selected for the study were the comparatively larger ones and those that employed professional management of one sort or another. The level of professional management ranged from those operating in the feudal-mercantile-trader mode to the innovator-entrepreneur-capitalist mode. The discussions in this paper are at the macro level and so instances of individual organizations will be cited only to strengthen an argument or while making a point.

The average role efficacy score for the respondents worked out to be 86.42 with a standard deviation of 6.12. Of course, this cannot possibly be a reason to rejoice about. For the score could well indicate a high level of complacency and stagnation that keeps productivity and efficiency under wraps. Managerial concepts are learned through experience as well as by pure necessity, such as due to perceived threats from the environment. The concept of 'more for less' i.e. more productivity from less employees is a thought that can be considered sacrilege in an organization which has been fighting for its survival for almost eight years now.

Environmental scanning does take place to a certain extent in the industry, though even here the practice is to serve and retain traditional customers as in the case of some software companies. Files and paper pushing, movement between and within trays seems to occupy a significant portion of the working time. The clerks are on a permanent treasure hunt while the executives may take a break. This is a sort of an exemplary industry where a moment's delay in communication can be catastrophic. And yet the lackadaisical attitude from the top down leaves one wondering how the ball game actually goes on. Also evident is the typical state bureaucratic 9-to-5 attitude of employees, since they are, after all, guaranteed a pay packet at the end of the month. Getting fired from a job for inefficiency is quite thinkable and being pulled up for non-performance is no longer anathema. But the demand outstrips supply so the employees have a devil may care attitude.

On the flip side, we note that the high Role Efficacy score could reflect the high trust factor in a close-knit work group, where mutual trust is the order of the day. This could also be a result of less competition and thence less internal rivalry between internal customers. This is especially so since the compensation packet and reward prospects could be based on seniority and not on merit.

A BRIEF DESCRIPTION OF THE STUDY

The study began in August 2011 and ended in September 2012, in the Tricity (Chandigarh, Panchkula, Mohali). Questionnaire is used to collect data from the IT sector, and the following categories of employees .

- 1) Project Manager
- 2) Team Leader
- 3) Team Member

A total of 200 valid questionnaires were analyzed out of 500 questionnaires distributed. Besides those who had filled the 200 valid questionnaires, 10 project managers, 20 team leaders and 40 team members were interviewed in depth to cross reference the findings and validate the conclusions. The result was that the author was convinced that feedback from the data thrown up in the interviews more than supported the analysis of the questionnaires which is given below.

2. ANALYSIS OF THE RESULTS

Given the above scenario, we wanted to see how effective were the knowledge workers in the IT industry in the roles they played within the various organizations. There were 10 dimensions used in this study for measuring the role efficacy following the Pareek-Raomodel.

On taking the arithmetic mean it was found that on a scale of -2 to +4 for each dimension the average scores ranged from 2.39 to 3.84, which shows that on an average the executives rated themselves to be effective along the ten dimensions. The coefficient of variance was less than 0.3 in 8 dimensions except in the case of superordination (0.42) and influence (0.53). Hence, on the whole, we see that there is not much variation in the responses of the executives for each of the ten dimensions between the various organizations studied. Some generalization of the findings is therefore permissible given the rigor used by social scientists.

CENTRALITY: The average score (2.81) indicates that the senior executives perceive herself/himself to be playing a central role in the organization. She/he considers her work to be quite important.

INTEGRATION: The average score (3.52) indicates that the executives perceive their training and knowledge to be utilized to a great extent in their present role. They are seen to be enjoying most of the parts of their role. This has to be studied in light of the organization surveyed, a majority fell in the slow moving public sector or tradition based category.

PRODUCTIVITY: The average score (2.95) indicates that the executives perceive themselves as having a good amount of freedom to take initiative and act on their own in their role.

CREATIVITY: The average score (3.58) indicates that the executives are able to use their creativity effectively in their roles.

INTER-ROLE LINKAGE: The average score (3.48) indicates that the executives perceive themselves as working in close collaboration with their significant others in their organizations. They also perceive that their significant others see their role (the executives') as significant to their own role.

HELPING: The average score (3.51) indicates that the executives perceive their environment as being helpful and conducive to their work. They are also seen to be experiencing mutual help in their role. The coefficient of variance in this case is 0.42, which indicates that there is a fair amount of variance on this dimension.

SUPER-ORDINATION: The average score (2.51) indicates that the executives perceive themselves as not being able to contribute to society to an extent that they would like to do. The coefficient of variance in this case is 0.53, which indicates that on an average the senior executives are not able to relate his role to the society at large. There is a lot of hype and false consciousness.

INFLUENCE: The average score (2.92) indicates that the executives perceive themselves as being able to influence important decisions and also consulted frequently.

GROWTH: The average score (3.45) indicates that the executives perceive themselves to be growing within their roles. Their role is seen to be contributing to their learning.

CONFRONTATION: The average score (3.95) indicates that the executives perceive themselves as effectively confronting problems through mutual aids.

THE IMPLICATIONS

As was stated that studies cited earlier this study revalidates the finding that there is no significant correlation among the dimensions as perceived by the executives and each of the 10 dimensions can be considered to be independent. This would imply that there is a discrepancy between the subjective perception of and the actual realization of objective social reality.

The individual operates within the freedom and constraints of the organization. The role and individual behavior is facilitated or hindered by the corporate image. The organization can in itself be submitted to a SWOT analysis. Again, the organization operates within its environment. It is here that the organization's position can be placed in the BCG Matrix through environmental scanning to enable the top management to acquire the appropriate strategy.

The role of the Chief Executive Officer in Organizational Change must be underscored in this regard. Hence, the study into role efficacy led us into positing a Business Policy prescription for industry in Tricity (Chandigarh, Panchkula and Mohali), which could best be realized through proactive HRM intervention. We accordingly proceeded to put forth our strategic change management approach at the individual and organizational level, which could serve as a guide to the HRM Specialist who may wish to initiate and spearhead organizational change in such a macro-economic environment. After all this is what the end use of action research is all about.

STRATEGIC INTERVENTION AT THE INDIVIDUAL LEVEL

An organization can be considered as an extension of an individual. It is the individuals within the organization that impart the personality to the organization. When an organization has very few or no competitors and no benchmarks it may perceive that things are absolutely fine. This may cause it to remain complacent. Similarly when an individual has no competition, no benchmark, she/he may perceive herself/himself to be highly effective in her role. In this case, unless the individual is a self-starter there is no motive to change. In a majority of the cases, it is only when an individual is pushed to the point of survival that there is felt a need to change.

But change can cause conflict and frustration, which is manifested externally as resistance to change. This change can be brought about effectively and have long term benefits only if the individual asks the important questions, Who am I?, What is my vision, mission and goal in life?, What are my strengths, weaknesses, threats and opportunities?

The situation is quite analogous to an organization, which goes on to first itself in terms of vision, mission and goals. This is then followed by a diagnosis of its problems, designing a strategy, developing it and finally delivering it. This is followed by evaluation of the strategy. Delivery is a critical point for most strategies since it is here that the strategy has to face constraints, the most important one being the subjectivity of man. As it is said "Most of the strategies fail at the man management level" and few managers realize that man is the beginning and end of all analysis, he is both the subject and the object of social inquiry

The implications of these are that change has to be properly communicated. There could be two cases

- 1) The manager is a slow moving organization where the demands from her/his role itself are less and she/he perceives herself/himself to be effective.
- 2) The manager is in a fast responsive organization and is able to fulfill her/his role demands and feels satisfied.

Thus, the role efficacy score has to be seen in light of the organization in which the senior executive is at present.

In Case 1, the strategic change has to be brought about at the organizational level which would directly lead to role changes and job enrichment at the individual level. Without this, the scope of individual development in her present role would be severely limited. Nevertheless an individual strategy would help the manager to perform better in her role, whatever be the nature of the organization.

In Case 2, having a strategy would multiply the effectiveness of the manager in her/his role. If Harvey Leibenstein's X Inefficiency were to be taken into account there is always room for development and growth. (The theory states that there is an in built inefficiency in all systems, which enables technological progress to take place.)

Based on the findings this paper proffers a policy prescription at the level of the individual manager and at the level of the organization. The strategy at the individual level for the senior executive in Tricity can be stated, using the accepted 5 D Approach to organizational intervention, in the following manner.

DEFINE The individual would have to work with an HR facilitator which would enable her/him to define herself/himself in terms of the basic truth in her life, her vision, mission, goals, strengths, weaknesses, motives etc. This would be done with the prime objective of role effectiveness within the organization.

DIAGNOSE This would involve diagnosing problems and identifying the problems which act as hindrances to role effectiveness. The 10 dimensions of the role efficacy questionnaire would help in identifying weak and strong areas. The dimensions themselves can be inter-related to similar groups. A feedback form from the people in the manager's role set could be an effective indicator as to the extent to which their expectations from her/his role are being met.

DESIGN This would involve actually designing the strategy keeping in account the organization, the definition and the diagnosis. The HR facilitator would do this since designing a strategy on one's own could lead to bias. The HR facilitator here is analogous to an internal strategic consultant in an organization.

DEVELOP This would involve testing the strategy for a short period, say a week, to note the flaws in it. This would act as a pilot study. This would also help to prepare the individual for implementation on a long-term basis. The strategy would be put to a timeframe for scheduling.

DELIVER This would involve actual implementation of the strategy. The manager would have to work in close co-ordination with the HR facilitator all through and deliver results. The fruits of HR intervention should be measurable and thereby the efficacy of the intervention itself can be judged. This brings us to the question of Evaluation, which most organizations miss out on or

undertake in an unscientific manner. This would involve the mechanisms for reward, monitoring, feedback and evaluating the progress of the manager. In sum two questions would be asked. (i) How does one know whether the HRM intervention has succeeded and (ii) how is HRM intervention measured?

STRATEGIC INTERVENTION AT THE ORGANIZATIONAL LEVEL

Organizational Diagnosis is rendered quite obscure by the high scores generated through the role efficacy study. Here we are concerned more with the mindset of those in positions of decision making be it managerial or bureaucratic.

The main problem from the hotel industry point of view is that the tourism industry has not been fully developed, so that the benefits due to increased revenues due to new clients is doubtful. The same situation can apply to the State Banks, in a different context, of course. But the benefits of a strategic upheaval can be accrued in other ways. After all, profit can also be enhanced through reduction in performance costs, due to better working methods and the resultant time saved. This can be identified as the Price-Product Benchmarking System. Also, the customer would be more likely to experience a 'thrill' if she/he is served with a lot more ease and a lot less complications. This could also result in a positive word of mouth recommendation to friends and acquaintances.

DEFINE

The high role efficacy indexes generated through the survey indicate that there is 'no problem'. But can this not be a problem in itself? What is clearly missing in the cross-section of the industries is a 'pro-active' approach, so that they do not identify the invisible links to strategy.

The problem is with the 'habits' that have become part of the organization's personality. What is needed is a complete change of attitude.

The superstructure is under attack. If meritocracy is to replace mediocrity for all round development and an improvement of the quality of life, the question is how to bring it about? This is especially since there is so little economics with the politics and so much politics with the economics in Tricity (Chandigarh, Panchkula, Mohali) as with the rest of India.

DIAGNOSE

Before one launches into a revolution in the company's culture, it is important to find out exactly where the organization is now where does the core competence lie. This should decide whether the firm is to go for forward linkage or backward linkage. Should a strategic re-alliance be struck? Should there be change for the sake of change itself?

The socio-political environment can hardly be put to blame, as acculturation is possible in the Tricity (Chandigarh, panchkula, Mohali) business environment because of the high level of education and mutual self-respect. The role that the organization plays in society should be enunciated to arouse responsibility. What needs to be blamed roundly and squarely is the unwillingness and the inability of those in positions of power to change their mindset.

Looking at each of the organizations in turn, it is recommended that one should conduct a company audit through consultants as catalysts of change. One should further note the most valued elements as also the hindrances to be futuristic. The audit should extend beyond the

internal customers. Client, suppliers, the local community, shareholders, and the financial community can all cast light on the habits of the organization. In addition, their views must be taken into serious cognizance. The change in attitude is not only on the part of the employees but also on the part of managers, or else all our efforts would be in vain. Change starts from the top. Managers should walk their talk or put their money where their mouth is. A strong-minded chief executive can clearly exert a powerful influence in shaping a company's culture.

DESIGN

The basic organization growth strategy can be put forth as:

- Have a set of core beliefs against which managers can benchmark their actions.
- Establish standards of honesty, quality and consistency.
- Measure performance in terms of results that can be actualized and quantified.
- Establish performance vis-à-vis standards set and re-examine these continually.
- Take corrective action immediately and monitor progress astutely.
- Reset goals and re-define roles on a continuous basis.

The Corporate mindset has to be changed through sensitivity training and culture building. Business Heads must be given some hard lessons on developmental growth. Sensitivity training by an experienced, senior and competent industrial psychologist would be easier to facilitate. In the hands of a psychopath or a novice the results would be catastrophic.

The program itself is to be designed in a way to enhance awareness of a better synergistic approach through better working methods. A very important phase of this program is benchmarking. It is important to expose existing employees to the ideal organization, not only through in-house videos, but also through planned visits. Following the elementary and probing questions raised by Peter Drucker, inter-organizational and intra-organizational communication can be facilitated and be made more meaningful if the enterprise knows:

What is our business? What will it be?

What should it be?

The key lies in preparing the organization for the future challenges. Futuristic thinking does not mean predicating everything to a 21st century scenario as is the general trend these days. One must realize that 2000AD is a date and what concerns strategists is not a date but a process; a process of change which in India began in the 1990s and must be brought to a logical conclusion, whenever that is. For this the organization must set clear and realistic goals. Once these goals are established, the shackles of tradition can be broken to inculcate a futuristic outlook, instead of merely stating that, we have been in this business for 100 years. We do admit that the general public have a positive, trusting image of the local industries in SEEPZ and MIDC (Marol) as a good, honest place to shop in the sense conduct business transactions. But for real development to take place a quantum change in the executive mindset is called for.

The influence that most shapes a company's culture is the goals set by senior management. Employees cannot help if they are not clear about the organization's goals. Beware of fine sounding mission statements that mean little in practice. Choose credible, practical, and measurable goals that imply striving and long-term commitment. Goals should be actionable by everybody in the business. This was clearly evident in the common-sense approach of some.. Simple charts that display the work culture and methods of the organization were seen

everywhere.

Increased efficacy methods could point towards an alarm bell that goes off when efficiency reaches a certain upper threshold level to signal a round of retrenchments. This is exactly what the HRM-Ethics problem in some companies is all about. But even without such a drastic measure, one can ensure 'more with less' output by seeking only entry-level employees.

The key idea should be to deliver quality output with a low unit price that would sell in large volumes. And there would be no customer complaints. This, of course, cannot come free of charge. It should require sufficient investment in redesign of office systems, modernization measures such as computerized management information systems high-tech training programs - and paying above-average salaries for above-average performance. If a firm pays peanuts, it can only expect monkeys to work in it. The simple lesson is, reward well both to get good people and create a corporate culture which creates a concept of trusteeship to retain them. Since if the environment is not conducive to personal growth, the employee will leave, and if you pay peanuts you will get monkeys.

DEVELOP

The corporate culture change can be effective only if it is sustainable and value based. Moreover, there must be total participation on the part of all employees. If just one person in the department has a motivation problem, that problem can easily spread to others.

The strategic approach emanates from the top management and is distributed to the divisional heads. Frequent meetings ought to be held where she/he can head off the negative vibes that an unhappy employee exudes. Managers should be sticklers for an open door policy based on trust and transparency that facilitates commitment and communication. In an organization, where everyone works in completely open-plan offices but the sense of trusteeship was found lacking and this may have led to the underlying current of discontent. There can be a brighter side to the implementation programs too. Staff who does not come into regular contact with customers can be encouraged to wear casual dresses. Such flexibility as informal office parties can also encourage acceptance of novel ideas. More importantly, managers should be encouraged to act creatively by being constructively unreasonable as G B Shaw would put it or thinking in an Upside Down Fashion as Charles Handy argues.

Management is a word derived from the Italian Managerie, which implies the art of handling horses. Hence, equally important for an organization is it to train other horses in the stable. This is an essence of role efficacy enhancement, where every one person can specialize in a certain role, and yet step in smoothly and take over the reins in the event of a role change. Chief Executives must learn the act of delegation, instead of enjoying their power role. In any event, CEOs are meant to drive the company and not spend too much time in the back seat with the others. How top management spends their working time and how they make special efforts to back their noble goals with hard currency speaks volumes of their commitment. A management control system has to be designed.

DELIVER

Employees should not feel apologetic when talking about the company's policies. They should have no trouble defending them because they should believe that it is fundamentally right. The

message about the mission, values, or beliefs of the company has to be repeated ad infinitum for it to be imbibed and accepted. Brochures that explain the changes and have visible support from top management create good impact.

Employee attitudes are a product of the environment in which they work. That is why the power to change culture lies in the hands of the managers. And as commonly misunderstood, although this change cannot come except with the blessings of top management, it is the middle layers which will activate the process. The task is not easy, however. It takes time and patience. Just as current behaviors only become habits by repetition over time, so it will take time for new behaviors to become new habits.

Changing the culture of a business means changing behavior throughout the organization. Training has a key role in showing employees how to change their behavior. First, the training should aim to get employees to sign on to the changes by explaining why the company wants to change and inspiring them with the vision of a more exciting future. To do so training must be

- (a) organization and need specific rather than generic on the one hand and
- (b) interactively facilitated and not didactically imparted on the other.

FACILITATION STRATEGIES AT THE ORGANIZATIONAL PYRAMID LEVELS

- Top executives take best to a workshop format, with carefully planned agendas and input from outside experts.
- Middle managers often feel threatened by change. Moreover, this is where the whole catch is, especially in industry cross-section where rewards are seniority based and rarely merit based. One must get the support of the middle managers by making clear what their new role is. The senior management should have them propose positive actions they can take to drive initiatives forward. Ownership will bring commitment.
- Front-line employees need practical techniques with which they can "do it better for the customer."

Employees must be facilitated so as to enable them to meet the standards of the new culture from the moment they join. That is when they are most likely to respond.

A high role efficacy measure can be obtained directly by pressing responsibility for output, quality, and good housekeeping down to where it belongs - with the operators. Managers must stop policing and add value by providing systems and support.

PERFORMANCE EVALUATION INDICATORS

These could be a concrete indicator of increased efficacy that could contribute directly to the bottom line. The concept of opportunity costs is essential for development but for sustained growth for every business should aim to make profit or else it should close shop. The moot point can be stated thus: whereas profit making is a necessary condition for being in business, when it becomes the only aim of being in business, the innovator-entrepreneur-capitalist slides back into becoming a mercantilist-feudal-trader. And it is then that organization development remains an illusive rainbow.

One felt need arising from the inter-personal interaction with managers was the dis-enchantment with performance evaluation measures employed. Except in the few private sector owned service

industries performance evaluation was either too personalized as in the case of some or too automatic as in others.

This is a prime case for overall HRM intervention at the level of the organization through out Tricity (Chandigarh, Panchkula and Mohali) on a macro level. But a beginning has to be made somewhere. Hence as an immediate measure of intervention, and in order to address the issues raised by the role-efficacy survey, we feel the issue to tackle first is Performance Appraisal Systems. In view of the ground realities, we opine that Performance Evaluation indicators could take the form of:

- 1) Financial measures such as Gross margin to total capital employed and total working capital employed.
- 2) Production measures such as capital utilization and total value to production.
- 3) Investment Efficiency measures such as deviation between actual capital costs and the budgeted cost of the completed projects.
- 4) Last but not the least would be the Social Audit.

Self-set departmental measures help each area show their particular contributions to the company's chosen goals. Company-wide measures keep the whole organization focusing on those goals. The sheer weight of attention on a critical few areas will bring about permanent behavior changes. The trivial many would automatically conform once the vital few have been addressed and set right.

REWARDS

To change the culture of a business, one must reward and encourage the behavior one wants to see, so as to ensure that it gets repeated. When employees own a share in it, serving the business well is in their own best interest. Businesses that share profits with their employees do consistently better on every measure than those that don't. At the same time, do not pay out when there is no money. These measures will certainly drive the truth home. How these rewards will be ascertained is another issue altogether.

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