

ISSN (Online) : 2279-0667



Published by:-  
[www.tarj.in](http://www.tarj.in)

TRANS Asian Journal of Marketing  
&  
Management Research (TAJMMR)

Sr. No.	Particular	Page No.
1.	<b>SERVICE QUALITY IN ONLINE RETAIL BANKING IN INDIA</b>  Niraj Mishra	1-13
2.	<b>DEVELOPING A MANAGEMENT TEACHER COMPETENCY SCALE FOR INDIAN CONTEXT</b>  Rajkumar Guntuku, Appalayya Meesala	14-25
3.	<b>CONFLICT MANAGEMENT STYLES OF WORKERS</b>  Dr. Navpreet Singh Sidhu	26-39
4.	<b>A LOOK AT HUMAN FACE IN THE ERA OF RECESSION: CHALLENGES AND MEASURES</b>  Devi Archana Mohanty, Namrata Singh	40-44
5.	<b>ECONOMIC THEORY</b>  Soumak Palit	45-50

## SERVICE QUALITY IN ONLINE RETAIL BANKING IN INDIA

Niraj Mishra\*

\*Assistant Professor, Department of Management,  
Waljat College of Applied Sciences, Muscat, Sultanate of Oman.

---

### ABSTRACT

*Consumer satisfaction has been studied and deemed to be an important area in management literature since 1960's. Consumer satisfaction is the consumer's response in a particular consumption experience to the evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance as perceived after the consumption experience. If the perceived performance is less than expected, consumers will be dissatisfied, on the other hand; if the perceived performance meets or exceeds consumer's expectations he/she will be satisfied. Through this study an effort has been made to investigate consumer satisfaction in service delivery in online retail banking services on expectation disconfirmation theory paradigm. Respondents were asked structured questions about various aspects of online retail banking viz., efficiency, system availability, fulfillment, service variety, responsiveness, security and response. Scores were measured for expectations and perceptions. The findings indicated that respondents surveyed were having a negative perception about service quality offered by online retail banking in India.*

**KEYWORDS:** *Service quality, Consumer satisfaction, online banking, consumer expectations, consumer perceptions.*

---

### 1. INTRODUCTION

Consumer satisfaction has been studied and deemed to be an important area in management literature since 1960's. Consumer satisfaction is the consumer's response in a particular consumption experience to the evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance as perceived after the consumption experience. If the perceived performance is less than expected, consumers will be dissatisfied, on the other hand; if the perceived performance meets or exceeds consumer's expectations he/she will be satisfied (Chia Chi, 2003)

The Indian banking industry is passing through a phase of customers' market. The customers have more choices in choosing their banks. A competition has been established within the banks operating in India. With stiff competition and advancement of technology, the services provided by banks have become more easy and convenient. Gone are those days when long lines had to be formed to apply for a new cheque book or to transfer money to another account or to get a bank pass book updated.

In a study titled 'Internet's New bn', the Boston Consulting Group said Internet penetration rate in India is expected to reach 19 per cent by 2015, up from the current seven per cent. "There are currently about 81 mn Internet users in India--a number that will nearly triple by around 2015 to 237 mn, "the report said. (237 mn internet users in India by 2015: Report, 2010)

From the perspective of banking products and services being offered through Internet, online banking is nothing more than traditional banking services delivered through an electronic communication backbone, viz, Internet. But, in the process it has thrown open issues which have ramifications beyond what a new delivery channel would normally envisage and, hence, has compelled regulators world over to take note of this emerging channel.

Through this study an effort has been made to investigate consumer satisfaction in service delivery in online retail banking services on expectation disconfirmation theory paradigm.

## 2. LITERATURE REVIEW

Oliver (1981) defines disconfirmation as “a mental comparison of an actual state of nature with its anticipated probability” (p. 35). The basic thesis of expectancy disconfirmation model is that consumers enter into a purchase situation with some pre-consumption expectations. The consumption experience provides them informations that help them in developing perceptions regarding the product (or service) performance. Consumers then evaluate their perceptions of product performance with their prior-expectations. If the performance matches the expectations, they are said to be “confirmed”. Expectations are “disconfirmed” if they are perceived to be different from the performance (Oliver 1980, 1981; Tse and Wilton 1988). Positive disconfirmation, i.e., when performance exceeds the expectations has been proved to result in consumer being satisfied from the consumption experience. Similarly, negative disconfirmation, i.e., when performance is below expectations, results in dissatisfaction.

It would be appropriate to clarify here that disconfirmation is not a theory in itself but a paradigm that has emerged over years of research into expectations and satisfaction. There have been a number of theories, some complementing and some competing with each other, for providing explanations of the causes and effects of disconfirmation.

Services' marketing has matured as a distinguished field of research since Regan (1963) focused on importance of service sector and emphasized that a “large and growing market for commodities lies in the development of services systems.” (Regan, 1963). As per McDowell and Parker most of the early contributions in the service marketing were in the form of dissertations (as cited in Bitner, Fisk, & Brown, 1993). Judd (1964) redefined services and suggested a threefold division of services.

A. Parasuraman, Valarie Zeithmal and Leonard Berry published research papers and discussed the unique characteristics of services. (Parasuraman, Berry, & Zeithmal, 1985). They also published research papers on service quality and developed Gaps model and this was a leading article which lead many scholars to explore service quality area. (Parasuraman, Berry, & Zeithmal, 1985). They subsequently published an article in 1988 on service quality measurement. They developed a multiple item scale for measuring service quality and further developed the literature in services. (Parasuraman, Berry, & Zeithmal, 1988) E-service as a concept has evolved after revolutionary development of internet or other computer networks. E-service has become important in determining the success or failure of electronic commerce (Yang, Peterson, & Huang, Taking the pulse of Internet pharmacies, 2001). E-service provides consumers with a superior experience with respect to the interactive flow of information. (Santos, 2003)

Service quality has been the major focus of researchers during the past few decades as it has a everlasting impact on customer satisfaction and customer loyalty (Cronin & Taylor, 1992).

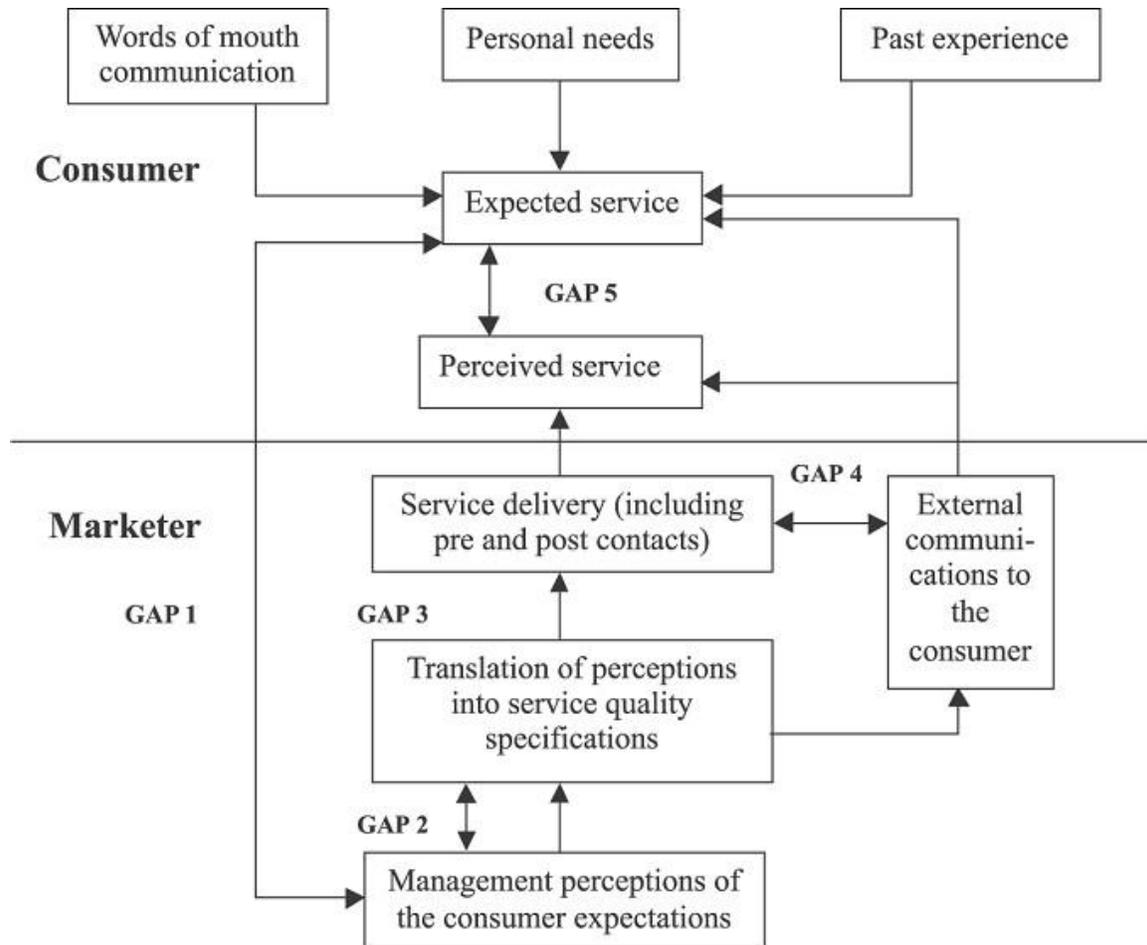
Service quality is academically thought to be an abstract and elusive construct because of three features that are unique to services: intangibility, heterogeneity, and inseparability of production and consumption (Parasuraman, Berry, & Zeithmal, 1985). Many researchers have defined service quality through different studies. Table 1 lists the different definitions of service quality:

**TABLE 1 DEFINITIONS OF SERVICE QUALITY**

<b>Authors</b>	<b>Definition</b>
(Parasuraman et al., 1988)	Service quality refers to the difference between customer expectations of what a firm should provide (i.e. expectations) and the perceived service performance
(Asubonteng, McCleary, & Swan, 1996)	Service quality is the difference between customers' expectations for service performance prior to the service encounter and their perceptions of the service received.
(Gefen, 2002)	Service quality is the subjective comparison that customers make between the quality of service that they wish to receive and what they actually get.
(Yasin, Correia, & Lisboa, 2004)	Service quality is viewed as an organizational asset and a key determinant of corporate marketing and financial performance

#### **GAP MODEL (PARASURAMAN ET AL., 1985)**

This model was given by Parasuraman, Berry, & Zeithmal (1985) and proposed that service quality is a function of differences between expectations and performances along the quality dimensions. This model is popularly known as GAP model and suggests five different gaps which are depicted in the table below:



**FIGURE 1 GAP MODEL**

GAP 1 explains the difference in management understanding of consumers' expectations. GAP 2 depicts the lacuna in setting service quality specifications. GAP 3 depicts the service performance gap. GAP 4 depicts the mismatch in promises made to the consumers'. GAP 5 depicts the difference in consumers' expectations and perceptions.

### **SERVQUAL MODEL (PARASURAMAN ET AL., 1988)**

The GAP model was refined and a scale named SERVQUAL was suggested for measuring customers' perceptions of service quality. SERVQUAL examines five dimensions of service quality:

- Reliability
- Responsiveness
- Assurance;
- Empathy, and
- Tangibles (e.g. appearance of physical facilities, equipment, etc.)

For each dimension of service quality above, SERVQUAL measures both the expectation and perception of the service on a scale of 1 to 7, 22 questions in total. Then, each of the five dimensions are weighted according to customer importance, and the score for each dimension multiplied by the weighting. Following this, the Gap Score for each dimension is calculated by subtracting the Expectation score from the Perception score. A negative Gap score indicates that the actual service (the Perceived score) was less than what was expected (the Expectation score).

The Gap score is a reliable indication of each of the five dimensions of service quality. Using SERVQUAL, service providers can obtain an indication of the level of quality of their service provision, and highlight areas requiring improvement.

### **SERVICE QUALITY IN INTERNET BANKING**

Internet banking is becoming increasingly popular, and competing banks have limited avenues to exploit in terms of establishing a differentiation (Jayawardhena and Foley, 2000). Delivering a superior quality of service as compared to that of competitors offers an opportunity to banks to achieve competitive differentiation (Ranganathan and Ganapathy, 2002). Given the lack of geographical or other physical constraints associated with internet banking, attracting, and retaining customers may be largely determined by the quality of service delivered (Liao and Cheung, 2002). Improvements in the quality of service delivered can only be made if it can be measured in the first place.

The fact that effective measurement of service quality can be very useful in the allocation of resources and in the segmentation of customers is well documented (Parasuraman et al., 1988). All these reasons combined have led to service quality measurement in internet banking becoming an area of growing interest to researchers and managers.

### **3. RESEARCH METHODOLOGY**

#### **RESEARCH DESIGN**

A research design is a framework or blue print for conducting research. It may be broadly classified as exploratory and conclusive. Conclusive research is further classified into descriptive research design and causal research design. Descriptive research is further classified into cross sectional design and longitudinal design. Cross sectional design is further classified into single and multiple.

This research is descriptive in nature. Descriptive research is based on a previous understanding of the area of research and seeks to describe the characteristics of a population or phenomenon (Zikmund, 2000). Consequently, this study is descriptive as it describes the factors pertinent to the formation of consumer satisfaction in the retail e-banking industry in India.

#### **SAMPLING FRAME**

The survey participants for the study were screened on the basis of an objective criterion. The

primary criterion is that the prospective participants should have a reasonable experience with the context of the study, i.e., they should be doing online retail banking with any bank in India for a reasonable period of time prior to participating in the survey. A cut-off period of one minimum year was decided to be suitable.

#### SAMPLE SIZE DETERMINATION

Cochran ( 1977) gave a formula for computing sample size for continuous or interval-scaled variables.

$$\underline{n}_0 = \frac{(\underline{t})^2 * (\underline{s})^2}{(\underline{d})^2}$$

Where t = value for selected alpha level of .050 in each tails = estimate of standard deviation in the population

d = acceptable margin of error for mean being estimated Using the above formula we calculate sample size for our study  $n = (1.96)^2 * (5/6)^2 / (5 * 0.03)^2$

n = 118

Hence, our ideal sample size will be 118. We have taken sample size of 177 which is well above the required sample size.

#### MEASUREMENT OF VARIABLES

The measurement of variables in the study was based on measures operationalized and adapted from the established measurement scales from published research in marketing and social psychology literature. These researches were mainly in the domains of consumer satisfaction (Parasuraman, Zeithaml, & Malhotra, 1985). (Jun & Cai, 2001) (Yang, Jun, & Peterson, 2004) (Wang & Tang, 2004). All the dependent measures were based on multiple- item scales as they have been recommended to improve the reliability of the measures (Churchill G. , 1979) (Nunnally Jr., 1978) (Churchill & Peter, 1984). The following two sub- sections introduce both the descriptive and dependent measures respectively.

#### DESCRIPTIVE MEASURES

Respondents were asked structured questions about various demographic and aspects related to online banking viz., age, gender, income, occupation, online banking usage, services used, and usage duration. These questions aim at generating information about the suitability of the respondents as participants in the survey and also in assessing whether the respondents with more experience respond differentially as compared to the relatively inexperienced respondents.

#### DEPENDENT MEASURES

Respondents were asked structured questions about various aspects of online retail banking viz.,

efficiency, system availability, fulfillment, service variety, responsiveness, security and response.

Almost all the items are selected from the highly cited publications on empirical research in consumer psychology, satisfaction, behavioral intentions, and word of mouth. Some of the items went through minor modifications with respect to wordings to fit the context of the study. The dependent variables include the different dimensions of service quality.

**TABLE 2 SUMMARY OF THE DEPENDENT VARIABLE MEASURES AND THEIR SOURCES**

<b>Theoretical Construct</b>	<b>Measures</b>	<b>Sources</b>
Efficiency	5-item Likert-type scale	Adapted from Parasuraman et al. 2005
System availability	5-item Likert-type scale	Adapted from Parasuraman et al. 2005
Fulfillment	5-item Likert-type scale	Adapted from Parasuraman et al. 2005
Service variety	5-item Likert-type scale	Adapted from Jun & Cai,2001;Yang et al 2004
Responsiveness	5-item Likert-type scale	Adapted from Parasuraman et al. 2005
Security	5-item Likert-type scale	Adapted from Wang & Tang, 2004; Yang et al, 2004
Contact	5-item Likert-type scale	Adapted from Parasuraman et al. 2005

## **CONSUMER EXPECTATIONS**

For this research consumer expectations is defined as “consumers’ pre-consumption predictions about the performance of a service offering.” Consumer expectations was operationalized on the basis of scale items employed by Parasuraman et al. 2005; Jun & Cai,2001; Yang et all, 2004; Wang & Tang,2004. Table 3 provides the 5-item Likert type scale designed to measure consumer expectations and perceptions.

**TABLE 3 SCALE ITEMS FOR CONSUMER EXPECTATION AND CONSUMER PERCEPTION**

Quality dimension & Source	Questions	
(Parasuraman et al. 2005)	Efficiency	The bank's site makes it easy to find what I need on the web site.
		It makes it easy to get anywhere on the site
		It enables me to complete a transaction quickly.
		Information at the bank's site is well organized
		It loads its pages fast
		The bank's site is simple to use.
		The bank's site enables me to get on to it quickly
		The bank's site is well organized.
(Parasuraman et al. 2005)	System availability	The bank's site is always available for business.
		The bank's site launches and runs right away
		The bank's site does not crash.
		Pages at the bank's site do not freeze after I enter my order information.
(Parasuraman et al. 2005)	Fulfillment	When the bank promises to do something by a certain time, it does so
		My online transactions with the bank are always accurate
		The service delivered through bank's website is quick
		The bank's site makes accurate promises about the service being delivered
(Jun & Cai, 2001), (Yang et al, 2004)	Service variety	The menu options offered by bank website always satisfy all my service needs
		The ranges of product packages offered by bank website always are wide enough
		The services with the features offered by bank website always meet what I want
		Most of the service functions offered by brick-and-mortar branches can also be found on the bank website

Responsiveness (Parasuraman et al. 2005)	The bank website always gives me prompt service to my requests via online
	The bank's website always quickly resolves problems I encountered via online
	The bank's website always promptly completes transactions I requests via online
Security (Wang & Tang,2004), (Yang et all, 2004)	The personal information is always treated confidently on the bank website
	The online transactions are always be safe
	The sensitive information (e.g. credit card number) provided during online banking is always secured
	The risk associated with online banking is always low
Contact (Parasuraman et al. 2005)	The bank is easily accessible by telephone
	The site has customer service representatives available online

## CONSUMER PERCEPTION

Consumer perceptions are subjective assessments of actual service experiences (Zeithaml and Bitner 2003). Thus, performance perceptions reflect the consumers' opinions about the services as actually received by them. The role of performance is that it is the point of comparison by which disconfirmation may be assessed (Churchil & Surpernant, 1982).

Consumer perception was operationalized on the basis of scale items employed by Parasuraman et al. 2005; Jun & Cai,2001; Yang et all, 2004; Wang & Tang,2004. Table 3 provides the 5-item Likert type scale designed to measure consumer perceptions.

## 4 FINDINGS

### DESCRIPTIVE STATISTICS-SERVICE QUALITY DIMENSIONSEXPECTATIONS)

A summary of the mean and standard deviation for consumer expectations is shown in Table (5). Consumer expectations for efficiency has a mean score of 3.98, which is slightly above the midpoint of 2.5. On the other hand, consumer expectations for service variety, responsiveness, security and contact are higher than the former score. It clearly reveals that consumers want a higher level of security, service variety and response from banks.

**TABLE 5 DESCRIPTIVE STATISTICS-SERVICE QUALITY DIMENSIONS  
(EXPECTATIONS)**

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Cronbach Alpha
Efficiency	177	2	5	3.98	0.78	0.92
System Availability	177	1.25	5.00	3.83	0.85	0.87
Fulfillment	177	1.25	5.00	3.97	0.82	0.93
Service Variety	177	2.00	5.00	4.34	0.77	0.84
Responsiveness	177	1.00	5.00	4.43	0.86	0.94
Security	177	1.25	5.00	4.64	0.77	0.91
Contact	177	1.50	5.00	4.42	0.72	0.77

**DESCRIPTIVE STATISTICS-SERVICE QUALITY DIMENSIONS(PERCEPTIONS)**

A summary of the mean and standard deviation for consumer perceptions is shown in Table (6). Consumer perceptions for efficiency has a mean score of 3.98, which is slightly above the midpoint of 2.5. On the other hand, consumer expectations for service variety, responsiveness, security and contact are lower than the former score. It clearly reveals that consumers are perceiving a lower level of security, service variety and response from banks

**TABLE 6 DESCRIPTIVE STATISTICS-SERVICE QUALITY DIMENSIONS  
(PERCEPTIONS)**

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Cronbach Alpha
Efficiency	177	2.00	5.00	3.9831	0.78	0.92
System Availability	177	1.25	5.00	3.8347	0.86	0.82
Fulfillment	177	1.25	5.00	3.9661	0.82	0.85

<b>ServiceVariety</b>	177	1.50	5.00	3.7613	0.79	0.83
<b>Responsiveness</b>	177	1.00	5.00	3.7571	1.00	0.92
<b>Security</b>	177	1.50	5.00	3.9774	0.83	0.88
<b>Contact</b>	177	1.00	5.00	3.3164	1.17	0.79

## GAP ANALYSIS

The gap score analysis helps us to find out how consumers perceive service quality in online retail banking and try to identify the different dimensions of service quality they are satisfied with.

According to Parasuraman et al., (1985) the higher (more positive) the perception (P) minus expectation (E) score, the higher the perceived service quality and thus leads to a higher level of customer satisfaction. The gap scores were calculated based on the difference between the consumers' perceptions and expectations of services offered in online retail banking in India.

In general, it was found that, customers' perceptions of service quality offered by banks did not meet their expectations (all gaps scores the dimensions are negative). Almost all the dimensions reported larger mean GAPS. Efficiency had a gap of (-0.58), System availability (-0.71), Fulfillment (-0.56), Service Variety (-0.55), Responsiveness (-0.68), Security (-0.67) and Contact (-1.1) respectively.

As revealed in table (7) the overall mean GAP was -0.69. Hence, it was found that the respondents surveyed were having a negative perception about service quality offered by online retail banking in India.

**TABLE 7 GAP SCORE -SERVICE QUALITY DIMENSIONS**

<b>Dimension</b>	<b>Expectations</b>	<b>Perceptions</b>	<b>Gap Scores</b>
Efficiency	4.56	3.98	-0.58
System availability	4.54	3.83	-0.71
Fulfillment	4.53	3.97	-0.56
Service Variety	4.31	3.76	-0.55
Responsiveness	4.44	3.76	-0.68
Security	4.65	3.98	-0.67
Contact	4.42	3.32	-1.1

Total GAP -0.69

## 5. CONCLUSIONS

It is quite evident from the data collected that overall the service quality offered by banks in India do not meet the expectations of the consumers. Banks should focus on system availability i.e, making the web site functional without interruptions in order to offer a better service to the customers. The banks have also scored low on responsiveness. Mechanism should be developed to solve the problems of customers in a fast and accurate manner. The customers have also reported a low contact related issues for banks offering online retail banking services. Banks should focus on making online presence of their executives to provide enhanced service to the customers.

## REFERENCES

1. 237 mn internet users in India by 2015: Report. (2010, September 2). Retrieved November 16, 2010, from The Economic Times Web Site: <http://economictimes.indiatimes.com/infotech/internet/237-mn-internet-users-in-India-by-2015-Report/articleshow/6479094.cms>
2. Asubonteng, P., McCleary, K., & Swan, J. (1996). SERVQUAL revisited: a critical review of service quality. *The Journal of Services Marketing*, 10(6), 62-81.
3. Bitner, M., Fisk, R., & Brown, S. (1993). Tracking the Evolution of Services Marketing. *Journal of Retailing*, 69(1), 61-103.
4. Chia Chi, L. (2003). A critical appraisal of customer satisfaction and e-commerce. *Managerial Auditing Journal*, 202-212.
5. Churchil, G. J., & Surpernant, C. (1982). An Investigation into the Determinants of Customer Satisfaction. *Journal of Marketing Research*, 19(November), 491-504.
6. Churchill, G. (1979). A paradigm for developing better measures of marketing constructs. *Journal of Marketing Research*, 16(February), 64-73.
7. Churchill, G. A., & Peter, J. P. (1984). Research design effects on the reliability of ratingscales: A meta-analysis. *Journal of Marketing Research*, 21, 360-75.
8. Cronin, J. J., & Taylor, S. A. (1992). Measuring service quality: a re-examination and extension. *Journal of Marketing*, 56(July), 55-68.
9. Gefen, D. (2002). Customer loyalty in e-commerce. *Journal of the Association for Information Systems*, 3(1), 27-51.
10. Judd, R. C. (1964). The case for Redefining Services. *Journal of Marketing*, 28(1), 58-59.
11. Jun, M., & Cai, S. (2001). The key determinants of internet banking service quality: a content analysis. *The International Journal of Bank Marketing*, 19(7), 276-91.
12. Nunnally Jr., J. C. (1978). *Psychometric theory* (2nd ed.). New York: McGraw-Hill Book Company. Oliver, R. L. (1981). Measurement and Evaluation of Satisfaction Processes in Retail Settings. *Journal of Retailing*, 57(Fall), 25-48.

13. Parasuraman, A., Berry, L. L., & Zeithmal, V. A. (1985). A Conceptual Model of Service Quality and its Implications for Future Research. *Journal of Marketing*, 49(Fall), 41-50.
14. Parasuraman, A., Berry, L. L., & Zeithmal, V. A. (1985). Problems and Strategies in ServicesMarketing. *Journal of Marketing*, 49(Spring), 33-46.
15. Parasuraman, A., Berry, L. L., & Zeithmal, V. A. (1988). SERVQUAL:A Multiple-item Scale for Measuring Consumer Perceptions of Service Quality. *Journal of Retailing*, 64(Spring), 12-37.
16. Parasuraman, A., Zeithaml, V., & Malhotra, A. (1985). E-S-QUAL: a multiple-item scale fo rassessing electronic service quality. *Journal of Service Research*, 7(3), 213-33.
17. Regan, W. (1963). The Service Revolution. *Journal of Marketing*, 27(July), 57-62.
18. Santos, J. (2003). E-service Quality-a model of virtual service dimensions. *Manging Service Quality*, 13(3), 233-47.
19. Tse, D. K., & Wilton, C. P. (1988). Models of Consumer Satisfaction: An Extension. *Journal of Marketing Research*, 25(May), 204-212.
20. Wang, Y., & Tang, T. (2004). A validation of the customer information satisfaction instrument for digital market context. *International Journal of Electronic Business*, 2(6), 567- 82.
21. Yang, Z., Jun, M., & Peterson, R. (2004). Measuring customer perceived online service quality: scale development and managerial implications. *International Journal of Operations & Production Management*, 24(11), 1149-74.
22. Yang, Z., Peterson, R., & Huang, L. (2001). Taking the pulse of Internet pharmacies. *Marketing Health Services*, Summer, 5-10.
23. Yasin, M., Correia, E., & Lisboa, J. (2004). The profitability of customer-targeted quality improvement efforts: an empirical examination. *The TQM Magazine*, 16(1), 45-49.
24. Zeithaml, V., & Bitner, M. (2003). *Services Marketing: Integrating Customer Focus Across the Firm* (Vol. 3rd edn). New York: McGraw-Hill.
25. Zikmund, W. G. (2000). *Business Research Methods* (6th ed.). Orlando: Dryden Press.

## DEVELOPING A MANAGEMENT TEACHER COMPETENCY SCALE FOR INDIAN CONTEXT

Rajkumar Guntuku\*; Appalayya Meesala\*\*

\*Associate Professor,  
Guru Nanak Institute of PG Studies,  
Ibrahimpattanam, Hyderabad, INDIA

\*\*Professor & Director,  
Dr. B. R. Ambedkar Institute of Management and Technology,  
Baghlingampally, Hyderabad, INDIA

---

### ABSTRACT

**PURPOSE:** *The aim of this research paper is to develop and publish a research scale for measuring the competency of management teacher, particularly in India.*

**DESIGN /METHODOLOGY:** *After generating items through two focus group interviews with 20 teaching veterans and later deleting the duplicates, a pilot survey on 99 management teachers was done. Item analysis and principal component analysis were made to establish validity and reliability of the scale.*

**ORIGINAL CONTRIBUTION:** *A research scale for measuring management teacher's competency was constructed.*

**FINDINGS:** *There are now 36 items in the constructed scale. The Cronbach's alpha for the entire instrument is 0.929 which is far higher than the desirable statistic 0.7. The total variance explained by the factors is 66.847. Further, the Content Validity Index which was worked out based on 8 experts' responses is 0.8.*

**ORIGINALITY/ VALUE:** *This scale is useful for any further research on management teachers, for example, the relation between competency and student satisfaction levels, competency and career success of students, teacher's background and their competency and so on.*

**PRACTICAL IMPLICATION:** *Such a scale was not developed till now for Indian context to further research on management teachers. Even outside India too, there was no research scale developed for measuring management teacher's competency.*

**KEYWORDS:** *Management Teacher, Competency, Effectiveness, Scale, Measure, Instrument, Construct, Reliability, and Validity.*

---

### INTRODUCTION

This research sets out to identify qualities and behaviors of a competent management teacher and

develop a research scale to measure his competency. A research scale for management teacher's competency is needed since there is no such scale available, particularly for the Indian context where b-schools have mushroomed and teachers recruited are haphazardly and from the bottom of the barrel, while top rung b-schools who keep impeccable standards experience the shortage of faculty strength. This era here witnesses management graduates being rolled out in unusually large numbers but only to find that the graduates are either rejected by the recruiters or employed for non-managerial, and low-paying jobs. This context calls for a slew of devoted research initiatives particularly with regard to the teachers' competency. Absence of a standard scale comes in the way of doing research on management teachers. Identification and enumeration of all the dimensions of a management teacher's competency is a prerequisite to the construction of a measurement scale. This research first identified the dimensions of competency by review of literature and holding focus group interviews with the veterans. It was followed by deletion of duplicates and holding of a pilot survey on the dimensions identified. What follows is a detailed discussion of our efforts and outcome of them on identification of competency dimensions, and construction of a scale, followed by working out of statistics to establish reliability and validity of the scale.

### **WHAT IS COMPETENCY?**

Competency is seen as a series of integrated capabilities consisting of clusters of knowledge, skills and attitudes necessarily conditional for task performance and problem solving and for being able to function effectively in a certain profession, organization, job, role and situation. (Mulder, Gulikers, Biemans, & Wesselink, 2009). This research has in its scope the teachers' habitual behaviors as well as competencies.

### **NEED FOR AWARENESS OF EFFECTIVE MANAGEMENT TEACHING METHODS**

Teaching quality is the most significant factor in students' learning (Goldhaber & Anthony, 2004; Rivkin, Hanushek, & Kane, 2005). An achievement gap in students' performance suggests a performance gap in teachers' practice (Berg, 2010). Several successive years of low quality teaching will leave students at a significant disadvantage (Sanders & Rivers, 1996). There are initiatives to stop deterioration of teaching quality. In UK, for instance, annual appraisal has been a statutory requirement for government primary and secondary school teachers since 1992 (Ironsides, Seifert, & Sinclair, 1997).

Accomplished teaching is a complex work requiring specialized knowledge and skills that are not easily acquired or widely held (Rowan, 1994). Management professors should have a solid base of knowledge about dimensions of effective management teaching since their teaching context and the subjects they teach are unique (Frost & Fukami 1997). The management graduates, the products of management teaching are unique in terms of cost and prospects for a high profile career and so the stakes are high. Moreover, management professionals have to operate on an intensely competitive turf and the conditions in which they have to work are subject to cataclysmic changes, which require that their training should be handled by highly competent teachers who should obviously know well their job and the relevant competencies. In this work, the terms, competency and effectiveness, are interchangeably used in spite of slight differences.

## ROLE OF TEACHERS

Oldfield & Baron (2000) have classified higher education as a “pure” service and underlined the importance of the quality of „personal contacts“. „Personal contacts“ make an important dimension of teacher competency. That apart, for students, the qualities and behaviors of professors have a significant impact on their perceptions of service quality (Voss, Gruber, & Reppel, 2010).

Perceived positive service quality might result in student satisfaction, and as a consequence, the satisfied students might help attract new students through engaging in positive word-of-mouth (WOM) communication, and might come back to the university to take further courses (Guolla, 1999; Wiers-Jenssen et al., 2002).

## ATTRIBUTES OF AN EFFECTIVE BUSINESS SCHOOL TEACHER

There were scads of widely diverse researches on measurement of teaching efficiency as can be seen from the review of researches made by A.S. Barr right in 1948, but those on management teachers’ efficiency are scant. Brar (1948, p. 206) opined that the unique features of specific learning and teaching situations (like teaching the management students) doubtlessly need far more attention than they have had to date.

In the monograph of Barr (1948) that summarizes investigations made till 1948, the author notes that certain aspects of teaching were given more attention than others. Overall, some sixty-seven different aspects of teaching have been investigated. “Over nine hundred different mentions were made of these aspects of teaching in the studies summarized. Of all,

(a) the personal prerequisites to teaching efficiency, (b) knowledge of subject matter, and (c) professional preparation have received a very large amount of attention”.

Simendinger, Galperin, Leclair, & Malliaris (2009) have identified 29 attributes of a business school teacher and worked out ranking for each attribute in four different universities. The most important among them include: sharing of current knowledge, fairness, creation of an atmosphere that encourages uninhibited questioning, giving worthwhile and relevant information, providing practical examples, effective communication of the material, thorough preparation, interest in students’ learning, passion and zeal about learning, keeping the student engaged, being well-organized, setting of expectations about grades in the beginning itself, accessibility to the students, providing clear and constructive feedback to the students, and positive rapport with the students. The other attributes include challenging the students to think, setting expectations about course content, encouraging students to excel and setting high standards, ability to teach to different levels and experiences, flexibility, self-confidence, professionalism, meeting course objectives, effectively selling the values of the class, diverse teaching and delivery mechanisms, effective research, and bringing research into classroom. It is interesting to note that, two attributes- research and introduction of research findings into classrooms- which are often given most importance by business schools in faculty recruitment are surprisingly ranked last. The work of Semindinger et al did not aim at constructing a standard scale although the identified attributes qualify to be items in such a scale.

## HOW EFFECTIVE EFFECTIVE ARE BUSINESS DOCTORAL GRADUATES IN TEACHING?

Hersey, Gargeya, & Eatman( 1996) in their study to assess to what extent the business doctoral graduates are prepared to teach, have collected the perceptions of faculty members who have less than four years' service about the doctoral graduates on 26 teaching dimensions. Those dimensions are: (1) appropriate content coverage, (2) designing instruction for different levels of learning, (3) aligning courses, style and expectations with school environment, (4) setting learning objectives and priorities, (5) determining evaluation criteria, (6) preparing tests and other evaluation material, (7) selecting instructional material, (8) preparing instructional material and aids, (9) organizing class sessions and pacing instruction, (10) designing a new course, (11) selecting appropriate teaching methods, (12) using group, case and discussion methods, (13) developing teaching-presentation skills, (14) using questioning, critical thinking, and discovery learning techniques, (15) adjusting instruction to class size, (16) adjusting instruction to class level, (17) adjusting instruction for student level, (18) selecting projects, home work and student assignments, (19) assessing student achievement, (20) motivating students, (21) assessing instructional effectiveness and student reactions, (22) managing classroom environment, (23) teaching nontraditional students (executives), and (24) advising, counseling and mentoring. This list gives an idea about the competency dimensions. In the report on their study, there was a reference to the questionnaire's reliability and validity. But most of the items on course designing etc. are not relevant to Indian university environment where there is no freedom to design courses independently of the university to which the subject college is affiliated.

In a study on qualifications and competencies of workplace trainers who are akin to management teachers, (Gould & Miller, 2004), the authors enumerated the competencies of a workplace trainer; they are: (1) setting goals and objectives of the course, (2) developing lesson plans, (3) keeping current and up to date, (4) conducting needs assessment, (5) counseling students, (6) providing positive reinforcement, (7) blending different training techniques, (8) use of questioning technique to involve participants, (9) facilitating group learning activities, (10) attending to individual differences, (11) evaluation of impact of training, (12) analysis of course material, (13) preparation of instructional site, (14) maintaining instructor credibility, (15) managing the learning environment, (16) possessing content knowledge and skills sets, (17) demonstrating effective communication skills, (18) demonstration of effective presentation skills, (19) response to learner's feedback, (20) use of media effectively, (21) evaluation of learner's performance, (22) evaluation of delivery of instructions, (23) reporting of evaluation information, (24) understanding program development, (25) understanding training and development, (26) applying researching skills, and (27) building relationships. But these competencies, although similar to those of management teachers and useful to scale development, were not converted into a research scale with validity and reliability duly established. Similar to the foregoing study, Charters and Waples (1929) found some eighty three terms to describe teacher efficiency traits which were, with the help of experts, condensed to twenty five but these traits were not a research scale.

## THE INFLUENCE OF PROFESSOR QUALITIES ON STUDENT ACHIEVEMENT

To identify the traits and behaviors of effective teachers, we also examined some studies that tried to understand college instructor influence on student achievement. Hoffmann &

Oreopoulos (2009) found in their study that overall college instructor influence on student achievement is smaller; differences in commonly observed instructor traits, such as rank, faculty status, and salary, have virtually no effect on student outcomes; further, the researching tendency of a faculty member does not influence teaching effectiveness. The instructor variables which this research studied included (a) providing of helpful comments and feedback, (2) accessibility, (3) clear and effective answering of questions, (4) enthusiastic communication, (5) lucid explanation of concepts, (6) organized presentation of material, and (7) fair evaluation of student learning. This study did not identify the entire gamut of traits of an effective teacher.

Albee & Piverol (2003), who in 2000 tried to identify dispositions of effective teachers, made efforts to construct an instrument to measure and monitor the dispositions of effective pre-service teachers. The working definition of disposition that they have arrived at after intense search is “habitual tendencies or inclinations of effective teachers”. This definition is akin to that of Katz (1993) which reads: „ the pattern of behaviors exhibited frequently and in the absence of coercion, and constitutes a habit of mind under some conscious and voluntary control, and that is intentional and oriented to broad goals. The researchers have identified the following 10 dispositions after screening and collapsing 62 dispositions in three stages. The following is the list of those dispositions. (1) The teacher commits to high expectations for all students and also values the ability/capacity for each student to learn. (2) He values students’ ability to apply concepts learned to performance- related activities. (3) He commits to the development of critical thinking skills ( i.e., problemsolving, analysis, etc.) (4) He commits to seeking out, developing, and continually refining teaching practices that generate more learning for more students. (5) He commits to the development of lessons that are interesting and engaging through a variety of instructional strategies to accommodate all learners, including those from diverse backgrounds, experiences, and cultures. (6) He commits to appropriate adaptations and accommodations for students with diverse needs. (7) He appreciates and promotes acceptance of self- discipline, responsibility, and discipline. (8) He commits to a positive and enthusiastic attitude for teaching and learning to inspire self and others. (9) He believes students and colleagues should be treated with civility and should treat each other with kindness, fairness, patience, dignity, and respect. (10) He commits to collaboration with families in educational decisions; and collaborates with colleagues and community patrons to enrich classroom experiences.

Several studies (Mccombs & Whisler, 1997; Pintrich, Brown, & Weinstien, 1994)) spanning over seven decades identified the following common dispositions of effective teachers similar to those in the foregoing. They are: (a) interest and enthusiasm in their subject and students, (b) respect for all students, (c) concern about student learning, and (d) fairness and sympathy towards students.

## **LEARNING OUTCOMES OF A B-SCHOOL CURRICULUM**

Teaching effectiveness is rooted in the learning outcomes. Moskal, Ellis and Keon (2008) have listed the common learning outcomes of a business school education. They are as follows. Analytical and statistical skills (problem solving) Communication skills (oral and/or written) Content specific knowledge (e.g., financial theories, analysis, reporting, and markets) Critical thinking skills Ethical understanding Global awareness Group and individual dynamics in organizations Motivational and leadership skills Multicultural and diversity understanding Organizational skills Use and management of information technology

## COMPETENCIES OF A WORKPLACE TRAINER

Darryl & Miller(2004) have identified 27 competencies of a workplace trainer, (an equivalent of a b-school teacher to some extent ) and from among them, 20 competencies are listed in following in the order of their frequency of mention in a survey. They are: (1) setting goals, (2) reflecting upon work, (3) evaluating effects and impact of training, (4) providing positive reinforcement, (5) facilitating group learning activities, (6) being fair in assessment, (7) listening actively, (8) conducting needs assessment, (9) counseling students, (10) questioning to involve participants, (11) demonstrating vision, (12) writing effectively, (13) building relationships, (14) attending to individual differences in trainees, (15) knowing the organization's needs, (16) keeping current and up to date, (17) having researching skills, (18) developing lesson plans, (19) blending different training techniques, (20) excellent knowledge of the subject. Competencies listed in the following are almost similar to a b- school teacher but slightly differ on issues like (1) conduct of needs assessment, (2) reflection upon work, and (3) knowing of the organization's needs. The other 7 competencies are: (1) analysing course material and learner information, (2) ensuring preparation of instructional site, (3) establishing/maintaining instructor credibility, (4) managing the learning environment, (5) possessing content knowledge taught, (6) demonstration of effective communication skills, (6) use media effectively, and (7) Evaluation of delivery of instruction.

Voss, Gruber, & Reppel (2010) in their study done with critical incident technique (CIT) identified 10 teacher qualities that make the students happy or unhappy. They are: (1) approachability, (2) empathy, (3) enthusiasm , (4) expertise, (5) fairness, (6) friendliness, (7) helpfulness/attentiveness,(8) openness, (9)reliability, and (10) teaching skills.

They also found that two attributes of professors were only mentioned in negative incidents: expertise and reliability. In other words, two negative critical incidents are low expertise and low reliability.

## BROAD CATEGORIES OF TEACHER COMPETENCIES

Barr (1948) has attempted to summarise his review of research on teaching efficiency by classifying it in three ways; namely: 1) character and personality traits: qualities of the person; 2) desired competencies, performances, ability to do; and 3) behavior controls: knowledge, generalized skills, attitudes, interests and ideals. This view suggests that teacher competencies fall into three categories: personality, competency for performance and general skills. This research attempted to improve categorization by either increasing or decreasing the number of categories for the sake of focus and ease of understanding critical skills.

## PROCESS OF INSTRUMENT DEVELOPMENT

Focus group interviews were held twice with 20 management teaching veterans to brainstorm and make a list of the various competencies, attributes and behaviors (all three terms, albeit slightly different, are interchangeably used) of an ideal teacher. In all we have got 75 items. Later, on reflection we have pruned the list to 37. Later, after checking with reliability coefficient, the items were further reduced to 36. The Cronbach's alpha for the whole instrument was worked out to be 0.929. The items in the scale are as follows. They are followed by the other

details of scale development.

### **I. TEACHING CAREER DEVELOPMENT (CRONBACH'S ALPHA: 0.708)**

1. I read a lot.
2. I research a lot.
3. I upgrade my researching skills.
4. I upgrade my teaching skills.
5. I am always engaged in acquiring domain knowledge.

### **II. STUDENTS' CAREER /DOMAIN ( CRONBACH'S ALPHA: 0. 637)**

1. I encourage students to read a lot.
2. I encourage students to organize events.
3. I expose students to the realities of the field.
4. I often confront students with tests and assignments.
5. I supply the students with lots of information.
6. I compel students to write research papers.
7. I build analytical skills in students.

### **III. STUDENTS' PERSONALITY DEVELOPMENT (CRONBACH'S ALPHA: 0.831)**

1. I compel students to make presentations in the classroom.
2. I encourage students to be creative.
3. I build in students the confidence about their future.
4. I encourage students to believe in hard work and perseverance.
5. I encourage students to believe in future possibilities.
6. I build leadership qualities in a student.
7. I encourage students to be open-minded.
8. I encourage students to take risks.

### **IV. TEACHERS' DELIVERY (CRONBACH'S ALPHA:0.858)**

1. I give practical/real-life examples.
2. I often give a broad overview of topic and subject.
3. I give cases for analysis.
4. I make the session interactive.
5. I check the students' understanding of each learning point.
6. I prepare well for the session.
7. I often innovate my teaching methods.

### **V. TEACHER PERSONALITY (CRONBACH'S ALPHA: 0.806)**

1. I assert my authority.
2. I am transparent.
3. I am self-disciplined.
4. I am well dressed.
5. I appreciate students' real problems.
6. I am creative.

7. I treat students with civility.
8. I am proactive.
9. I make myself a role model for the students' future managerial career.

We went for pilot survey with these 37 items on 110 teachers. But due to incompleteness in the responses, we have dropped the responses from 11 teachers. The responses from 99 respondents have been retained for analysis. Most respondents are from A.P., Karnataka, Tamil Nadu, and Maharashtra, although there are a few from Madhya Pradesh, Kerala, U.P. and New Delhi.

### **PURIFICATION OF THE SCALE ITEMS & ITEM ANALYSIS**

We attempted to purify the scale (Nunnally, 1978) by identifying those items which are poorly correlated with the average of all correlations (item-to-total correlation). After working these correlations out, t-values of such correlations were worked to find out which correlation value is not significant. It was found that all correlation coefficients are significant.

Item analysis was made to find out if the responses of group of highest responses discriminate well with the responses of group of lowest response (Cooper & Schindler, 2006). The item analysis is done by first arranging the responses in ascending order, later calculating the means of the lowest 25% of the responses and also the highest 25% of the responses, and calculating t-value of the these means. The t-values of such comparisons are found to be more than 1.99 and p-values are naturally less than 0.05. Hence all items passed the test of variability through item analysis.

### **RELIABILITY**

Reliability measure for all the 36 items were worked out. Reliability statistic, Cronbach's alpha, which is an average of the all the inter-correlations between one and the other of all items, is worked out to be 0.929 ( See Table 1) which is far higher than the desirable measure, 0.7 (Nunnally, 1978). Besides, Cronbach's alpha statistics for all the five sub- constructs were also worked out. They are: (1) 0.708 for teacher career domain development, (2) 0.637 for students' domain capability development (3) 0.831 for students' personality development, (4) 0.858 for teacher delivery, and (5) 0.806 for teacher personality. The Cronbach's alpha for students' domain capability, i.e. 0.637, which is slightly lower than the acceptable level can be ignored since the overall statistic is excellent.

**TABLE NO. 1 RELIABILITY STATISTICS**

<b>Cronbach's Alpha</b>	<b>N of Items</b>
.929	36

Since the Cronbach's alpha works out to be 0.929 which is far higher than the acceptable 0.70, the scale is reliable.

### **VALIDITY**

Validity is the overarching measure of content validity, construct validity and criterion validity. Some attempts were made to establish the validity with measures like content validity index, total variance explained, factor loadings on the first factor, and correlation between the construct and its outcome. The results of the efforts are explained in the following.

### CONTENT VALIDITY

Content Validity Index (CVI) was calculated (Waltz & Basell, 1983) by taking responses from eight experts on four parameters: Relevance, Clarity of Expression, Comprehensiveness and Simplicity. The combined average score of 8 experts on a 5-1 Likert Scale on the four variables was worked out to be 0.80, which is more than the acceptable value of 0.7.

### CONSTRUCT VALIDITY

Construct validity gives an idea of the extent of coverage of dimensions of a construct. This is understood from Total Variance Explained (See Table 2) and range of factor loadings on the first factor.

### TOTAL VARIANCE EXPLAINED

For this to be worked out, principal components analysis with varimax rotation (with a cut-off eigenvalue of 1) was conducted with SPSS V.16. The total variance explained is worked out to be 66.847% (See Table 2) which is more than the required 0.500. That apart, the loadings on the first factor ranged between 0.405 and 0.774. Thus, the construct validity of the scale is established.

**TABLE NO. 2 TOTAL VARIANCE EXPLAINED**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.857	32.937	32.937	11.857	32.937	32.937
2	2.561	7.113	40.050	2.561	7.113	40.050
3	1.885	5.237	45.287	1.885	5.237	45.287
4	1.594	4.427	49.714	1.594	4.427	49.714
5	1.452	4.033	53.748	1.452	4.033	53.748
6	1.266	3.517	57.265	1.266	3.517	57.265
7	1.232	3.422	60.687	1.232	3.422	60.687

8	1.167	3.241	63.928	1.167	3.241	63.928
9	1.051	2.918	66.847	1.051	2.918	66.847

## CRITERION VALIDITY

Criterion validity was found out by working out correlation coefficient between the totalscore of scale responses and the score on the competency outcome construct , a two- item scale for each respondent. The items in the said outcome scale are: (1) I am happy with whatI am getting from my career; (2) I am happy with what I give to my stakeholders. The correlation coefficient is worked out to be 0.194 and its t-statistic is 1.34 which is not significant. This part of the research is not heartening. The main reasons might be that (1) the responses on outcome construct were taken form 30 respondents only but not on all respondents and (2) the respondents sample of 30 teacher may not adequately represent their population. It is quite paradoxical that the relationship between teaching competency and its outcome is weak! This finding leaves scope for further research on why outcome of competency is independent of competency.

## LIMITATIONS

The sample respondents are from certain states of India and so their perceptions relate to local conditions and might not be applicable universally, particularly, for advanced countries like USA and those in Europe. Criterion validity statistic worked out in this research is contrary to the widely accepted theory that competency/effectiveness leads to best outcome. There might be some flaw in the sample of respondents surveyed for outcome.

## SCOPE FOR FURTHER RESEARCH

This scale suits Indian context. Disconnection of academics from industry and fewer quality-focused institutions characterize Indian context. For other contexts, different scales may be developed. Definitely, the average management teacher in India is a far cry from his counterpart in advanced countries.

## CONCLUSION

A research scale for measuring the competency of a management teacher is now developed. The scale consists of 36 items with 5 subscales. The subscales are teacher career development, student domain capability development, teacher personality development, student personality development and teacher's delivery. The subscales too have the desired reliability as reflected in the Cronbach's alphas which are all higher than 0.70 except one. The reliability statistic, Cronbach's alpha, for all the 36 items of the instrument is worked out to be 0.929 and content validity index of it is 0.80. The total variance explained by all the items is 66.847% and factor loadings on the first factor ranged from 0.405 to 0.774. This scale can be used for any further research concerning the competency of management teachers, particularly in India.

**REFERENCES**

1. Albee, J. J. & Piverol. (2003), "Management process for defining and monitoring teacher dispositions" *International Journal of Education Management*, vol 17, no. 7, pp. 346 - 356.
2. Barr, A. S. (1948), "Measurement and Prediction of Teaching Efficiency: A summary of Investigations" *Journal of Experimental Education*, vol XVI, no. 4, pp. 203-79.
3. Berg, J. H. (2010), "Constructing a Clear Path to Completed Teaching", *Theory into Practice*, vol 49, pp. 193-202.
4. Charters, W. W. & Waples, D. (1929), "The Commonwealth Teacher-Training Study", Chicago University Press, Chicago.
5. Cooper, D. R. & Schindler, M. P. S. (2006), *Business Research Methods*, ninth ed. edn, TataMcGraw-Hill, New Delhi.
6. Darryl, G. & Miller, P. (2004), "The qualifications and competencies held by effective workplace trainers" *Journal of European Industrial Training*, vol 28, no. 1, pp. 8-22.
7. Frost, P. J. & Fukami, C. V. (1997), "Teaching effectiveness in the organizational sciences: Recognising and enhancing scholarship of teaching", *Academy of Management Journal*, vol 40, no. 6, pp. 1271-81.
8. Goldhaber, D. & Anthony, E. (2004), *Can teacher quality be assessed?*, Evans School of Public Affairs, University of Washington, Washington, D.C.
9. Gould, D. & Miller, P. (2004), "Qualifications and competencies held by effective workplace trainers" *Journal of European Industrial Training*, vol 28, no. 1, pp. 8-22.
10. Guollo, M. 1999, "Assessing the teaching quality to student satisfaction relationship: applied customer satisfaction research in the classroom", *Journal of Marketing Theory and Practice*, vol 7, pp. 87-97.
11. Hersey, G.L., Gargeya, V.B. & Eatman, J. (1996), "Are Business Doctoral Graduates Prepared to Teach?", *Selections*, vol 13, no. 1, pp. 17-26.
12. Hoffmann, F. & Oreopoulos, P. (2009), "Professor Qualities and Student Achievement", *The Review of Economics and Statistics*, vol 91, no. 1, pp. 83-93.
13. Ironside, M, Seifert, R. & Sinclair, J. (1997), "Teacher Union Responses to Education Reforms: Job Regulation and the Enforced Growth of Informality", *Industrial Relations Journal*, vol 28, no. 2, pp. 120-35.
14. Katz, L.G. (1993), "Dispositions: Definitions and Implications for Early Childhood Practices", ERIC Report, 4, ERIC Clearing House of Elementary and Early Childhood Education, Urbana, IL.
15. Mccombs, B.L. & Whisler, J. S. (1997), *The Learner-Centered Classroom and School*,

Jossey-Bass, Sanfransico, CA.

16. Moskal, P, Ellis, T. & Keon, T. ( 2008), "Summary of Assessment in Higher Education and the Management of Student Learning Data", Academy of Management Learning and Education, vol 7, no. 2, pp. 269-279.
17. Mulder, M, Gulikers, J, Biemans, H & Wesselink, R. ( 2009),"The new competence concept in higher education: error or enrichment", Journal of European Industrial Training, vol 33, no.8/9, pp. 755-770.
18. Nunnally, J.C. 1978, Psychometric Theory, 2nd edn, McGraw-Hill, New York, NY.
19. Oldfield, B.M. & Baron, S. ( 2000), "Student perceptions of service quality in a UK University business and management faculty", Quality Assurance in Education, vol 8, no. 2, pp. 85-95.
20. Pintrich, P.R., Brown, D.R. & Weinstien, C.E. ( 1994), Student Motivation, Cognition, and Lessons; Essays in honor of Wilbert J Mckeachie, Erlbaum, Hillsdale, NJ.
21. Rikvin, S.G., Hanushek, E. A. & Kane, M. ( 2005), "Teachers, School and Academic Achievement", Econometrica, vol 73, pp. 417-458.
22. Rowan, B. ( 1994), "Comparing teachers' work with work with other occupations: Notes on the professional status of teaching", Educational Researcher, vol 23, no. 67, pp. 4-21.
23. Sanders, W. L. & Rivers, J. C. (1996), "Cumulative and residual effects of teachers on future student academic achievement (research progress report)", University of Tennessee Value- Added Research and Assessment Center, Knoxville.
24. Simendinger, E., Galperin, B., Leclair, D.R. & Malliaris, A.G. ( 2009), "Attributes of Effective Business Teachers", Academy of Educational Leadership Journal, vol 13, no. 3, pp. 107-131.
25. Voss, R., Gruber, T. & Reppel, A. ( 2010), "Which classroom encounters make students happy or unhappy? Insights from an online CIT study", International Journal of Educational Management, vol 24, no. 7, pp. 615-636.
26. Waltz, C.F. & Basell, R.B. ( 1983), Design, Statistics & Computer Analysis, 2nd edn, FA Davis Company, Philadelphia.
27. Wiers-Jenssen, J., Stensaker, B. & Groggaard, J. B. ( 2002), "Student satisfaction: towards an empirical deconstruction of the concept", Quality in Higher Education, vol 8, no. 2.

## CONFLICT MANAGEMENT STYLES OF WORKERS

Dr. Navpreet Singh Sidhu\*

\*Associate Professor,  
Punjab College of Technical Education,  
Baddowal, Ludhiana, Punjab, INDIA

### ABSTRACT

*The term conflict refers to perceived incompatibilities resulting typically from some form of interference or opposition. Organizational conflict may result from scarce resources, jurisdictional ambiguities, personality clashes, power and status differences, goal differences, and communication breakdown. Conflict may be between individuals, groups or within a group. Conflict management, then, is the employment of strategies to correct these perceived differences in a positive manner. For many decades, managers had been taught to view conflict as a negative force. However, conflict may actually be either functional or dysfunctional. Whereas dysfunctional conflict is destructive and leads to decreased productivity, functional conflict may actually encourage greater work effort and help task performance. The present study was undertaken with an aim of understanding and comparing the conflict management styles being used by the staff at various levels in a famous textile manufacturing unit in Bathinda, Punjab (India). All the 25 workers and 20 executives working in this unit were studied for the conflict management styles being employed by them. The outcome of this process is discussed in this paper.*

**KEYWORDS:** *Conflict Management, Jurisdictional Ambiguities, Personality Clash, Power Differences, Status Differences.*

### INTRODUCTION

Conflict refers to perceived incompatibilities resulting typically from some form of interference or opposition. Conflict management, then, is the employment of strategies to correct these perceived differences in a positive manner. For many decades, managers had been taught to view conflict as a negative force. However, conflict may actually be either functional or dysfunctional. Whereas dysfunctional conflict is destructive and leads to decreased productivity, functional conflict may actually encourage greater work effort and help task performance. Borisoff and Victor (1998) point out, "We have come to recognize and to acknowledge the benefits dealing with conflict affords. Because of our differences, we communicate, we are challenged, and we are driven to find creative solutions to problems."

According to both Daft and Terry, several factors may create organizational conflict. They are as follows:

- **SCARCE RESOURCES:** Resources may include money, supplies, people, or information. Often, organizational units are in competition for scarce or declining resources. This creates a situation where conflict is inevitable.
- **JURISDICTIONAL AMBIGUITIES:** Conflicts may also surface when job boundaries and

task responsibilities are unclear. Individuals may disagree about who has the responsibility for tasks and resources.

- **PERSONALITY CLASHES:** A personality conflict emerges when two people simply do not get along or do not view things similarly. Personality tensions are caused by differences in personality, attitudes, values, and beliefs.
- **POWER AND STATUS DIFFERENCES:** Power and status conflict may occur when one individual has questionable influence over another. People might engage in conflict to increase their power or status in an organization.
- **GOAL DIFFERENCES:** Conflict may occur because people are pursuing different goals. Goal conflicts in individual work units are a natural part of any organization.
- **COMMUNICATION BREAKDOWN:** Communication-based barriers may be derived from differences in speaking styles, writing styles, and nonverbal communication styles. These stylistic differences frequently distort the communication process. Faulty communication leads to misperceptions and misunderstandings that can lead to long-standing conflict. Additional barriers to communication may emerge from the cross-gender and cross-cultural differences of participants. Such fundamental differences may affect both the ways in which the parties express themselves and how they are likely to interpret the communication they receive. These distortions, in turn, frequently result in misreading by the parties involved. Moreover, it is common for the parties involved to be oblivious to these false impressions. The resultant misunderstandings subsequently lead the parties involved to believe that a conflict based on misunderstood behavior exists when, in fact, no conflict actually does exist. Miller and Steinberg call this misreading "pseudo-conflict," that is, perceived conflict rather than actual conflict. Much of what managers take to be an actual conflict is the product of such pseudo-conflict.

## CONFLICT BETWEEN INDIVIDUAL

People have differing styles of communication, ambitions, political or religious views and different cultural backgrounds. In our diverse society, the possibility of these differences leading to conflict between individuals is always there, and we must be alert to preventing and resolving situations where conflict arises.

## CONFLICT BETWEEN GROUP OF PEOPLE

Whenever people form groups, they tend to emphasize the things that make their group "better than" or "different from" other groups. This happens in the fields of sport, culture, religion and the workplace and can sometimes change from healthy competition to destructive conflict.

## CONFLICT WITHIN A GROUP OF PEOPLE

Even within one organization or team, conflict can arise from the individual differences or ambitions mentioned earlier; or from rivalry between sub-groups or factions. All leaders and members of the organization need to be alert to group dynamics that can spill over into conflict.

## REVIEW OF LITERATURE

Elsayed-Elkhouly (1996) stated that many individual differences lead to interpersonal conflict, including personalities, culture, attitudes, values, perceptions, and the other differences.

Hellriegel and Slocum (2004) argued that conflict with different types within organizations is an important topic to focus on; that its importance increases over time and that this may be due to the rise of globalization and interdependence. The negative effects of conflict may deprive the organization from achieving its goals, may waste time and effort and can lead to a low quality of work (Hitt et al., 2006).

According to Pearson and Porath (2005) workplace incivility happens when employees fail to display concern and regard for others or disrespect each other on the job.

Schermerhorn (2005) said that identifying the factors which cause conflict in any organisation is considered the main stage in the process of conflict management. This idea has been supported by many scholars like Robbins and Judge, 2008; Rahim, 2002.

Hitt et al. (2006) stated that managers spend approximately 25% of their time dealing with conflict. In some fields like hospital administration and management of municipal organizations, managers can spend as much as 50% of their time managing conflict. Managers feel that conflict management is equal to or sometimes higher in importance than planning, communication, inspiration, and decision making’.

Robbins (2007) felt that conflict could have a negative impact on the motivation and productivity of the employees (Ibid) and on the performance of the organization, unless properly managed to eliminate its negative consequences and thus obtain positive results.

According to Luthans (2008), the conflicts take up a lot of managers’ time at all managerial levels and he has to do a lot of thinking in managing the conflicts.

Tjosvold (2008) felt that unless properly managed, conflict within any organization is an expected and inescapable occurrence and has a negative effect on the individual and the organization.

On the other hand, conflict inside any organization does not always have a negative effect; sometimes conflict has positive effects, and this might lead to improved crisis solving or decision- making, to the stimulation of originality and may increase the productivity (Hellriegel & Slocum, 2004). This affirmative characteristic of conflict depends on how it is controlled and managed (Hatch, 2006).

## **NEED OF THE STUDY**

Enormous research has been done in foreign countries as well as in India on conflict management styles of staff. But only a few have been conducted on conflict management styles of staff or executives in companies of Punjab, India. Hence, the present study was taken up at a famous textile unit in the district of Bathinda in Punjab (India).

## OBJECTIVES

- 1) To study the conflict management styles of the people working in a textile manufacturing unit in Bathinda, Punjab (India).
- 2) To compare the conflict management styles of the workers and executives in the said textile unit.

## RESEARCH METHODOLOGY

For the present study both exploratory and conclusive research methods were used. The conclusive research method here is descriptive in nature and the research design is single cross-sectional. In this study primary data has been collected through survey method. The research was conducted with the help of a structured interview schedule based on Conflict Management Styles (Pareek, 1997). The original instrument has already been tested for reliability and validity and proposes the following conflict management styles:

- 1) Resignation
- 2) Withdrawal
- 3) Defusion
- 4) Appeasement
- 5) Confrontation
- 6) Compromise
- 7) Arbitration
- 8) Negotiation

In the present case the target population consists of the people working in different manufacturing units in Punjab (India). The unit (Kotler, 1997) in the study includes a famous textile manufacturing concern in District Bathinda in Punjab (India) while the elements are the workers and executives working there. All the 25 workers and 20 executives have been covered in the study.

The respondents were personally administered the questionnaire and primary data was collected. The questionnaire consisted of two parts, namely, Part-A and Part-B. Part-A of the questionnaire consisted of solicited information about the profile of respondents like their age, designation etc. Part-B consisted of 24 questions based on Conflict Management Styles as proposed by Mr. Udai Pareek. This questionnaire consisted of 3 statements each related to the eight conflict management styles and the respondent had to answer on a five point Likert scale (Malhotra and Dash, 2010) in all the twenty four statements.

Analysis of data has been done by constructing suitable tables and by using other statistical techniques like mean, standard deviation, and F-test for variances.

Percentage method was used to analyze Part-A of the questionnaire. The percentage of respondents was calculated for each category of respondent's profile. Part-B consisted of 24 questions. The answer sheet for this questionnaire was used for scoring. Each question had five options and the respondent had to tick on one of them.

**TABLE 1- SCORES FOR DIFFERENT ANSWER CHOICES**

	Score
Strongly Disagree	1
Disagree	2
Neither Agree nor Disagree	3
Agree	4
Strongly Agree	5

**HYPOTHESIS OF THE STUDY**

The data was analyzed using the following null hypothesis (Bajpai, 2010).

**HYPOTHESIS**

1. Ho: There is no significant difference between the variances of scores of conflict management styles for workers and those for executives.

H<sub>1</sub>: There is a significant difference between the variances of scores of conflict management styles for workers and those for executives.

Formula used:

$$F = \frac{s_1^2}{s_2^2}$$

where:

$s_1^2$  = Variance of sample 1

$s_2^2$  = Variance of sample 2

$n_1$  = Size of sample 1

$n_2$  = Size of sample 2

df =  $v_1$  =  $n_1 - 1$  = Degree of freedom for numerator

df =  $v_2$  =  $n_2 - 1$  = Degree of freedom for denominator

**LIMITATIONS OF THE STUDY**

To understand the research findings in their right perspective, it is necessary that limitations of

the study be mentioned. The present study may have suffered from the following limitations.

- i) Size of the sample selected for research may perhaps be considered as small, hence; the result of this study might not be fully reliable for generalization for the whole country.
- ii) Since the questionnaire is comparatively lengthy and the executives normally busy, there are chances that information obtained in some cases might have deviated from actual.
- iii) The respondents were asked to give their practical views and not the ideology, but the personal biases of the respondents might have affected the results.

## RESULTS AND DISCUSSION

The outcome of number of respondents has been categorized in categories such as age, educational qualifications, total work experience, and levels of management.

### AGE

Age is the first and a very important factor to analyze the conflict management style of executives in different companies. In this study the age of respondents has been divided into four categories.

Table 2 indicates that the largest group for respondents belonged to below 30 (44.44 percent) while the smallest group is for 50 and above (04.45 percent) year categories.

Majority of workers (72%) belonged to the age group of below 30 years while the rest are between 30 and 50 years of age.

In the executives' category, more than half belonged to the age group of 40-50 years.

**TABLE 2 - FREQUENCY DISTRIBUTION OF EXECUTIVES IN TERMS OF AGE**

Age (Years)	No. of Respondents		Total
	Workers	Executives	
Below 30	18 (72)	02 (10)	20 (44.44)
30-40	06 (24)	05 (25)	11 (24.44)
40-50	01 (04)	11 (55)	12 (26.67)
50 & above	-	02 (10)	02 (04.45)
Total	25 (100)	20 (100)	45 (100)

Note: The figures in brackets indicate the percentages.

### EDUCATIONAL BACKGROUND

Educational background is a very important factor, which affects the behaviour of an individual to a very large extent. Table 3 indicates a majority of respondents (51.11%) were found to be

having an educational level of graduation.

Furthermore, among the workers seventy percent of the respondents were undergraduates while the rest were graduates. Among executives four fifth of the respondents were graduates (the rest being postgraduates).

**TABLE 3- FREQUENCY DISTRIBUTION OF EXECUTIVES IN TERMS OF EDUCATIONAL QUALIFICATION**

Educational Qualification	No. of Respondents		Total
	Workers	Executives	
Undergraduate	18 (72)	-	18 (40)
Graduate	07 (28)	16 (80)	23 (51.11)
Postgraduate	-	04 (20)	04 (8.89)
Total	25 (100)	20 (100)	45 (100)

Note: The figures in brackets indicate the percentages.

### TOTAL WORK EXPERIENCE

The next important factor under study was the total work experience of the staff members. On the basis of the total work experience the executives were classified into four categories, i.e.

- i) Less than 5 years,
- ii) Between 5 and 10 years,
- iii) Between 10 and 15 years,
- iv) Above 15 years.

Table 4 shows that the largest group of the staff members has an experience between 10 and 15 years, followed closely by those having an experience of less than 5 years.

In case of workers more than half had an experience of less than 5 years and the rest being divided in the categories of between 5 and 10, and between 10 and 15 years.

At the executives' level, three-fifth had an experience which is between 10 and 15 years; the rest being equally divided in the categories from 5 to 10 and above 15 years.

**TABLE 4- FREQUENCY DISTRIBUTION OF EXECUTIVES IN TERMS OF TOTAL WORK EXPERIENCE**

Total Work Experience (Years)	No. of Respondents		Total
	Workers	Executives	

Less than 5	14 (56)	-	14 (31.11)
5-10	06 (24)	04 (20)	10 (22.22)
10-15	05 (20)	12 (60)	17 (37.78)
Above 15	-	04 (20)	04 (8.89)
Total	25 (100)	20 (100)	45 (100)

Note: The figures in brackets indicate the percentages.

## LEVEL OF MANAGEMENT

Table 5 shows that the number of workers is more than half of the total respondents.

**TABLE 5 – FREQUENCY DISTRIBUTION OF STAFF MEMBERS IN TERMS OF LEVEL OF MANAGEMENT**

Level of Management	No. of Respondents	Percentage
Workers	25	55.56
Executives	20	44.44
Total	45	100

## ANALYSIS OF CONFLICT MANAGEMENT STYLES OF STAFF MEMBERS

### 1. RANKING OF THE CONFLICT MANAGEMENT STYLES BEING EMPLOYED BY STAFF MEMBERS

Table 6 shows that the top three conflict management styles for executives are compromise, arbitration and appeasement whereas for workers the styles are resignation, withdrawal and confrontation.

**TABLE 6 – RANKING OF THE SALES STYLES BEING EMPLOYED BY SALES EXECUTIVES BASED ON THE MEAN SCORES**

Rank	Style	
	Executives	Workers
1.	Compromise	Resignation

2.	Arbitration	Withdrawal
3.	Appeasement	Confrontation
4.	Negotiation	Arbitration
5.	Confrontation	Compromise
6.	Defusion	Negotiation
7.	Resignation	Appeasement
8.	Withdrawal	Defusion

## 2. TWO-SAMPLE ANALYSIS RESULTSHYPOTHESIS

Ho: There is no significant difference between the variances of scores of conflict management styles for workers and those for executives.

H<sub>1</sub>: There is a significant difference between the variances of scores of conflict management styles for workers and those for executives.

(Variable 1: Executives, Variable 2: Workers)

1) Compromise

### F-TEST TWO-SAMPLE FOR VARIANCES

	Variable 1	Variable 2
Mean	13.45	11.76
Variance	1.313157895	3.023333333
Observations	20	25
df	19	24
F	0.43434109	
F Critical two-tail (Lower)	0.425170068	
F Critical two-tail (Upper)	2.352	

Result: Since the calculated value is less than the critical value, so, do not reject H<sub>0</sub>

**2) ARBITRATION****F-TEST TWO-SAMPLE FOR VARIANCES**

	<b>Variable 1</b>	<b>Variable 2</b>
Mean	13	11.92
Variance	2	3.076666667
Observations	20	25
df	19	24
F	0.650054171	
F Critical two-tail (Lower)	0.425170068	
F Critical two-tail (Upper)	2.352	

Result: Since the calculated value is more than the critical value, so, reject  $H_0$

**3) APPEASEMENT****F-TEST TWO-SAMPLE FOR VARIANCES**

	<b>Variable 1</b>	<b>Variable 2</b>
Mean	12.65	11.04
Variance	2.134210526	4.373333333
Observations	20	25
df	19	24
F	0.488005456	
F Critical two-tail (Lower)	0.425170068	
F Critical two-tail (Upper)	2.352	

Result: Since the calculated value is more than the critical value, so, reject  $H_0$

**4) NEGOTIATION****F-TEST TWO-SAMPLE FOR VARIANCES**

	Variable 1	Variable 2
Mean	12.5	11.4
Variance	1.947368421	3.75
Observations	20	25
df	19	24
F	0.519298246	
F Critical two-tail (Lower)	0.425170068	
F Critical two-tail (Upper)	2.352	

Result: Since the calculated value is more than the critical value, so, reject  $H_0$

**5) CONFRONTATION****F-TEST TWO-SAMPLE FOR VARIANCES**

	Variable 1	Variable 2
Mean	12	12.2
Variance	2.947368421	2.833333333
Observations	20	25
df	19	24
F	1.040247678	
F Critical two-tail (Lower)	0.425170068	
F Critical two-tail (Upper)	2.352	

Result: Since the calculated value is less than the critical value, so, do not reject  $H_0$

**6) DEFUSION****F-TEST TWO-SAMPLE FOR VARIANCES**

	<b>Variable 1</b>	<b>Variable 2</b>
Mean	11.75	10.68
Variance	2.407894737	3.81
Observations	20	25
df	19	24
F	0.631993369	
F Critical two-tail (Lower)	0.425170068	
F Critical two-tail (Upper)	2.352	

Result: Since the calculated value is more than the critical value, so, reject  $H_0$

**7) RESIGNATION****F-TEST TWO-SAMPLE FOR VARIANCES**

	<b>Variable 1</b>	<b>Variable 2</b>
Mean	11.45	13.16
Variance	2.260526316	1.14
Observations	20	25
df	19	24
F	1.982917821	
F Critical two-tail (Lower)	0.425170068	
F Critical two-tail (Upper)	2.352	

Result: Since the calculated value is more than the critical value, so, reject  $H_0$

**8) WITHDRAWAL****F-TEST TWO-SAMPLE FOR VARIANCES**

	<b>Variable 1</b>	<b>Variable 2</b>
Mean	10.95	12.72
Variance	2.155263158	2.376666667
Observations	20	25
df	19	24
F	0.906842843	
F Critical two-tail (Lower)	0.425170068	
F Critical two-tail (Upper)	2.352	

Result: Since the calculated value is more than the critical value, so, reject  $H_0$

**CONCLUSIONS**

As is evident from the discussion, the conflict management styles being employed by executives and workers are in a different order; the top three conflict management styles for executives being compromise, arbitration and appeasement whereas for workers the styles being resignation, withdrawal and confrontation. The best conflict management style i.e. negotiation lies at the fourth rank for executives and at sixth rank for workers which is not a healthy trend.

The results of the f-test show that there is no significant difference for variances for scores for any of the conflict management styles for staff members working at executive and worker levels.

**RECOMMENDATIONS**

- 1) The principal styles used by executives and workers are compromise and resignation respectively which are NOT-OK styles so; it is required that suitable training be provided to the staff members so that more of OK style of negotiation is used. It has to be explained that the approach of negotiation is healthier and more useful as compared to the other styles while solving conflicts.
- 2) The mean scores for negotiation oriented style are quite low. An attempt for changing the behavioral patterns for such styles should be made.

**REFERENCES**

1. Bajpai, N. (2010), "Business Statistics." Pearson, 362-367.
2. Conflict management and negotiation. [Online] Available

<http://www.referenceforbusiness.com/management/Comp-De/Conflict-Management-and-Negotiation.html> March 25, 2013.

3. Elsayed-Elkhouly, S. M. (1996), "Styles of Handling Personal Conflict in Egypt. United States, Africa, and the Gulf States." *Cross Cultural Management: An International Journal*, Vol. 3(1), 20-32
4. Hatch, M. J. (2006), "Organization theory: modern, symbolic and post-modern perspectives." Oxford University Press.
5. Hellriegel, D. and Slocum, J. W. (2004), "Organizational Behavior." 10th ed, Cincinnati, Ohio : South-Western College Publishing.
6. Hitt, M. A., Miller, C. and Colella, A. (2006), "Organizational Behavior: A strategic approach." John Wiley.
7. Kotler, P. (1997), "Marketing Management Analysis, Planning, Implementation, and Control." Prentice Hall of India, 117-123.
8. Luthans, F. (2008), "Organizational Behavior." Boston; London, McGraw-Hill.
9. Malhotra, N.K., & Dash, S. (2009), "Marketing Research: An Applied Orientation." Prentice Hall of India, 76-91, 274-275.
10. Pareek, U. (1997), "Training Instruments For Human Resource Development." Tata Mcgraw-Hill Publishing Company Limited, 322-333, 454-460.
11. Pearson, C. M. and Porath, C. L. (2005), "On the Nature, Consequences and Remedies of Workplace Incivility: No Time for "nice"? Think again." *Academy of Management Executive*, Vol. 19(1), 7-18
12. Robbins, S. P. (2007), "Organization theory." 12th ed, Pearson/Prentice Hall.
13. Schermerhorn, J. R. (2005), "Organizational Behaviour." 9th ed, John Wiley & Sons, Inc.
14. Tjosvold, D. (2008), "The conflict-positive organization: it depends upon us." *Journal of Organizational Behavior*, Vol. 29, 19-28.

## A LOOK AT HUMAN FACE IN THE ERA OF RECESSION: CHALLENGES AND MEASURES

Devi Archana Mohanty\*; Namrata Singh\*\*

\*Faculty,  
UCER,  
Greater Noida, India.

\*\*Faculty,  
UCER,  
Greater Noida, India.

---

### ABSTRACT

*Economic downturn or recession is a part of Business Cycle. The economy of any market whether national or international goes through different phases of business cycle & nowadays as the whole economy is globalised one domestic market affects other markets. Economy & face of population go hand in hand. If there is a boom in economy, employment increases, sales increases & therefore market demand increases. The challenges during the period of economic downturn are faced by corporations & government. Both management & government have to handle employees & citizens because they are the source of any country & in turn economy. This research paper will discuss how employees of an organization can sustain in an economic downturn. Though government and management take various steps to reduce the effect of recession, in actual situation it does not bring desirable impact on the welfare of the employees. In this context, the paper intends to suggest some human-friendly measures to overcome the challenges in recession, such as, giving sabbatical leaves, focusing on R & D activities, extending the period of assessment cycle. If employees accept the ways proposed by the government and management and suggest their own ideas for fighting this crucial situation then any economy would be ready to combat recession.*

**KEYWORDS:** *Business Cycle, Economic Downturn, Recession, Sabbatical Leaves.*

---

### 1. INTRODUCTION

A significant decline in activity across the economy last longer than a few months. It is visible in industrial production, employment, real income and wholesale-retail trade. The economy downturn or recession shows distinct signs of slowing, with a declining status reports of construction, manufacturing and consumer-related sectors. This coupled with increased food and oil prices means that workers are beginning to feel the pinch. This paper investigates how people react and respond in the time of recession and what measures can be taken to exterminate their plights. This paper observes that these crises affect individuals and communities as a whole. The employees face the brunt of the global economic and financial crises. Sadly, more people slide into poverty and hardship. According to the Asian Development Bank (ADB), an additional 50,000 people in the region could be living below the poverty line next year – a direct result of the global economic crisis.

## 1.1 RECESSION

The simplest definition of recession is "a downturn in the activity of the economy." The literal meaning of the term, however, is more specific. Not any downturn is considered as a recession. A recession exists only in an economy that shows a decline in the Gross Domestic Product (GDP) for two consecutive quarters (Oxford Dictionary). The GDP is an indicator of the value of goods and services produced by the labor force and property of a country. When the GDP declines in a country, the economy reacts by slowing. Suppliers produce less and consumers, in turn, buy less. Spending slows in all sectors of society and therefore demands for products are all reduced. When demands fall, suppliers need less labor to ensure adequate product availability, thus unemployment rises. The GDP of India in 2012-13 was 5.3% as compared to 6.9% in 2011-12 and 8.5% in 2010-11. Generally, recession is marked by high unemployment, stagnant wages, and fall in retail sales; a recession does not last longer than one year and is much milder than a depression. Although recessions are considered a normal part of a capitalist economy, there is no unanimity of economists on its causes.

## 2. WHY RECESSION IS A CHALLENGE TO HUMAN FACE?

Recession to a great extent, weakens the entire organizational system. It affects the organizational commitment to environmental, social and corporate governance issues. Many organizations are concerned about the damaged reputation of business in the wake of the recent financial crisis and economic downturn; they see a considerable risk that a new generation of talent will seek to apply their skills in professions they believe to be more aligned with their personal and ethical convictions. The first and foremost challenge of protecting the human face in the time of recession is „downsizing“. In a business enterprise, downsizing is reducing the number of employees on the operating payroll. Businesses use several techniques in downsizing, including providing incentives to take early retirement and transfer to subsidiary companies, but the most common technique is to simply terminate the employment of a certain number of people. It proves to be major setback for the employees as it affects their personal as well as professional life. It also taxes all of a management team's resources, including both business acumen and humanity. No one looks forward to downsizing. However, the extremely difficult decisions of who must be laid off, how much notice they will be given, the amount of severance pay, and how far the company will go to help the laid-off employee find another job are given less than adequate attention. These are critical decisions that have as much to do with the future of the organization as they do with the future of the laid-off employees.

## EFFECTS ON EMPLOYEE

The economic crisis has a negative impact on employee income. Working conditions also worsen during the time of economic crisis (deWolf 2010). Employees in crisis-hit organizations report that pressures to perform do increase; adding to their woes, the workplace atmosphere deteriorates and sometimes the opportunities for promotion become more limited (Brenner 2009). For example, some companies cut their cost in cancelling the provision for free lunch to employees, cut down employee's travel expenses and eyes on employee bonus. In such a crucial situation, the employees feel choked and demotivated as they fail to enjoy the earlier facilities and benefits in their organization.

## MEASURES TO BE TAKEN

Recession is not a good sign to economic development or development of any organization (Bates 2009). Internal and external customers of the organization are affected with this economic turmoil. In order to save the interest of both there is a need of collaborative effort. There is a need of creating an environment of faith and trust. Proper communication must be ensured by the HR Managers so that employees are aware of the situation and they have faith in the management (Messah 2011). It is very essential for employees to have faith in their respective managers. Since employees lead the shop floor, their inputs on improvements in processes, suggestions on better cost management, increasing productivity and understanding their frustrations and personal challenges can all help the HR to keep their morale high and increase profitability. The employee by being honest about their aspirations and asking questions about what more they need to do at this critical juncture, can contribute to the appraisal process and make it more valuable. There is a lot pressure on the Human Resource department & organizations to conduct effective appraisals that keep employees motivated when times are tough. But, with a little effort from the employee's side, the whole process can be made more valuable and great results could be expected. Following measures can be taken to overcome the impact of recession on employees:

- Human resources is expected to play a leading role in this environment by continuing to be more engaged than ever in developing and retaining talent, containing and reducing costs, and aligning its activities with the overall business strategy.
- We can use modernization tool, Automation tool, Computerization, Introduction of quality control tool, Total Quality Management etc.
- Governments need to respond to the crisis in creative and responsible ways, and consider new approaches when investing in children's education, health systems and renewable energy.
- Human Resource Department has to focus on cost cutting without throwing out the employees outside during the period of economic crisis (Flander 2010).
- Layoff seems as an easy tool to fight recession but it is one of the crucial things to be done. Giving sabbatical leaves to employees for pursuing higher studies during the time of recession makes the job of HR Department easier. This will act as a cost cutting tool for management as well as for other employees.
- Variable Pay Structure: Instead of withholding pay increments HR Department should redesign its salary structure (Hooker et al 2009). More elements should be added to the variable part of the salary. This will help employees because they get tax rebate on variable part of salary.
- Provide financial coaching: Compensation should be restructured in such a way that allows employees to save taxes and increasing their in hand salary (Robinson 2008). Voluntary Retirement Scheme: Encouraging employees to go for VRS by giving them benefits.

## 3 CONCLUSION

In the concluding section, the research paper recommends that if the above measures are taken wisely with a systematic, sincere and collaborative effort than it will go a long way in the benefit of the employees as well as the organization. Moreover, it is not only the HR department,

but also a social responsibility of the organization as a whole to fight the very temporary phenomenon which might cause a grave loss to the employees. The paper encourages acceptance and positive attitude from organizations and also from the governments since it will help to reach the goals of effective human resources management. Since recession impinges on effective and efficient practice of human resources management, Government involvement is essential in combating the problems of global economic downturn.

## REFERENCES

1. Asmu, B. (2008). Performance appraisal interviews: Preference organization in assessment sequences. *Journal of Business Communication*, 45(4), 408-429. doi: 10.1177/.
2. BBC News (7 Jan 2009) M&S Boss: „I won't take pay rise “, <http://news.bbc.co.uk/go/pr/fr/1/hi/business/7816414.stm>.
3. Balancing cost reduction and talent management. *Financial Executive*, (2009, June), 25(5), 12.
4. Brenner, B. (2009). The value of increasing investment in employee benefits during an economic downturn. *Journal of Financial Service Professionals*, 63(1), pp 29-31.
5. Bates, S. (2009). The top 5 myths about motivating employees: Dangerous in a recession, deadly in a recovery. Bates Communications. Retrieved from <http://www.bates-communications.com/press-room/top-5-myths.php>.
6. deWolf, M. & Klemmer, K. (2010). Job openings, hires, and separations fall during the recession. *Monthly Labor Review*, 133(5), pp 36-44.
7. Flander, S. (2010). “Recruiting’s new era.” *Human Resource Executive*, 24(10). pp 30- 32.
8. Faith, J. (2009). Outsourcing becomes luxury in recession. *International Tax Review*, 20(5), pp 36-37.
9. Hooker H, Markwick C, Reilly P (2009), *Financial Well-being in the Workplace*, IES Report pp 464.
10. Hirsh W, et al. (2008), *What Customers Want from HR: The views of line managers, senior managers and employees on HR services and the HR function*, IES Report pp 453.
11. Wood Z (2009), „New year, new look for UK high street“, *The Observer*, 4 January 11.
12. Robinson D, et al. (2008), *Human Capital Measurement: Approaches, issues and case studies*, IES Report pp 454 14.
13. Messah, Benard Omboi, et al. (2011) “Role of Human Resource Management in Global Recession”, *Pacific Business Review - A Quarterly Refereed Journal*, pp 62-66. <http://hrlink.in/news/role-of-hr-during-recession>.

## ECONOMIC THEORY

**Soumak Palit\***

\*Bhubaneswar, INDIA

### INTRODUCTION

This paper of mine is based on “Welfare Economics”, a part of economics where I have tried to bring out the serious concerns of the present day education on literacy and strategizing ways to eradicate poverty the root cause of economic problem for many nations. Economy of the entire world can be broadly classified into developed and developing economy. This concept is discussed in the later part of my research paper as how this concept is providing input for wrongful economic policies of various nations. The crux of economic success depends on the human empowerment in terms of judicious use of resources and their skillful mobilization to achieve an optimum level of output. I have outlined certain aspects of honorable Mr. Amartya Sen.’s Capability Approach for which he won the Noble Prize in Economics, as to what are some of the limitations of the Capability Approach theory. I have developed accordingly a new theory to substantiate my thought and also brought out those limitations which I thought was prevailing in Mr. Sen.’s Theory. My theory is named as “Money-Welfare Bound Theory”, which aims at focusing how the planning bodies of various nations can go on a comprehensive approach to planned savings by the medium class households and minimize the opportunity cost of satisfying between two alternative purchasing and want satisfying options. I have also propounded formula for calculation of HDI (Human Development Index), and what steps can be followed by Census operators to get more reliable figure of economic development and fruitful government expenditure. My alert is also to World Bank and the economists to redefine the parameters on which they are measuring GDP and GNP growth.. The capability is in terms of not only resources transformation but also human capabilities for both income and employment generation which is the essence of “Welfare Economics”. My purpose of this article is to educate the people on economic grounds to lead a rational life even in this hour of economic crisis, and also to lend a helping hand to the economists and policy makers, if my theory and writing can be of any help to them and for the welfare of the community as a whole, I will be grateful.

### REVIEW OF LITERATURE

The debate on welfare economics have taken a new shape by the contribution made by the Nobel Laureate Mr. Amartya Sen. He propounded the theory of capability approach and social choice theory. But today the need of the hour is to instill the confidence of the citizens of the country in their respective economies, and then only the capability approach becomes the following step. The welfare of the community can be divided into two functions:-

- (A). The Cost Function (Investment approach)
- (B). The Return on Investment function (Net Return approach)

In order to gain equilibrium in educational investment and literacy rate and employment generation, we need a holistic approach in terms of both the economic system and policy formulations. I strongly feel that the present economic scenario demands “Socialistic system of

economy”, in the shape of more governmental regulations and certain barriers to private ownership rights to stop exploitation and plight of the downtrodden people of the nations. The reason is that when we are going with capitalist or mixed system of economy, we often find that a larger mass of population is deprived from receiving education. The capability approach in capitalist economic system will enable to fetch education but still that line of gap between haves and have-nots will prevail. The socialistic system of economic approach will enable to bring curtailment in the purchasing power of the higher section people and channelize that part of money for upliftment of the poor class of people. The function of capability should be in terms of employment generation and not merely on grounds of disposable income in an individual’s share. As brought out by Amartya Sen that there should be freedom of human beings for assessment of person’s advantage and creating individual differences by turning resources into valuables. Now two things cannot go side by side at the same time. People first need to be educated on the frontiers of change and update them with various systems of economic growth, they should know the existing stimulus for them in terms of various form of assets that they possess, asset may be land deriving money utility by rent or sub-letting or leasing of property for a farmer or a peasant or a villager, it can be a house property for a bachelor or a widow lady having no family income support, a sound intellectual mind as intellectual property of a teenager or a person in adolescent stage etc. So, where all these comes from (creating proper asset utility), if people are not made aware of the usefulness of the assets and modern era cannot afford to mis-use them by trial and error method as resources are already scarce. The answer to this lies in proper education. By education I not only mean classroom training but mind development of individuals to increase the share of conscious decision making in the decision making cycle, cause our everyday decision making process involves decision making of both consciously and unconsciously system. The unconscious part consists of child labor (a village boy), an individual with only degrees in education without fruitful gain of knowledge resulting in failure in proper application of knowledge for employment generation either in domestic economy or else in overseas economy.

## **OBJECTIVE OF MY THEORY**

The purpose of my paper and the theory is to raise an awareness among the common mass about the existing plight of the society and how to bridge the gap to enable to equalize the share of individuals” in the National Income of the country. The art of leading a rational lifestyle is what is required to be spread and undertaken by individuals. Another thing that people must know is to differentiate between political freedom and political subjectivity. The external factors will always provide a scope for the fresh bloods of any nation to deliver valuable outcomes, but they need to recognize that relevant personal characteristics is what as said by Mr. Amartya Sen, that an individual should possess, I believe that personal characteristics is no more the call of the day.

The need of the hour is „adaptability“ and „cross-skilling“, which are mutually dependant phenomenon. We are “Y-Generation” people and have marched a long way from “X-Generation”, which was the era of specialization. A country’s economic success is directly proportional to an individual’s dynamism. So, we are proceeding towards total transformation from marginalized society to empowered society. Now, let me define capability in new way:- “Capability is the process by which every individual is able to apply their rational thought in judicious decision making and the marginal growth [(ith) % extra], achieved in the living status of people by providing service elsewhere other than his regular source of income”.

So, my definition aims going beyond professionalism and also creating self-employment for those unemployed, to have proper access to resources by acquiring entitlement. We are actually living in society full of choices, will only then be appreciated as people will have access to it. Now, people might question that as I have mentioned that two things cannot go side by side as freedom and turning resources into valuables, which one should be aimed first? Well, the answer lies in two parts:-

- a) The freedom should be on acquiring education and decentralization of governmental regulations and policy revision to enable the backward class have a better rich at the education. For these may be an Educational committee be set up with elite classes of people from state wise representing a common goal at the centre, free from political wing subjection. It will be a sovereign body where common mass will have a say.
- b) The valuables is concerned with developing the right talent base not only as core competencies but also as contributors to different sectors of the economy to overcome the problem of talent crunch, skill substitution and the extra cost of pilferage and wastages.

### **MY THEORY- “MONEY-WELFARE BOUND THEORY”**

The term economy in general can be attributed to the satisfaction level of the human society which is the function of its utility. The economic imbalances, structural disturbances and lack of adequate policy formulations have their routes in the adaptation of proper economic system. We need a total reformation on the part of economic development and a change in the economic fundamentals. The first thing we need to understand is what “utility” means in today’s context. It can no longer be said as wants satisfying power of a commodity. The definition holds valid for a developed economy, but for developing economy it can be divided into two parts:-

- 1) The want satisfying power of a commodity for those classes of people who have high purchasing power.
- 2) The average time period for which an individual (income earner) is capable of satisfying his wants with minimum investment and planned savings.

I used the word planned savings because the savings must be in adherence to the individual’s financial plans for which we need to revive our monetary policies and need more regulations. To validate the second point let us take an example, suppose an individual has land as his only asset and source of livelihood, his utility factor will not only be the lease rentals which he might be getting but also what other uses such land can be put into at the same time period, that is the opportunity cost and decision between real income versus notional income, (agriculture or building). The crux of welfare economics lies in solving the economic dilemmas rather than solely concentrating on Capability Approach and Social Choice Theory as framed by our renowned economist Nobel Laureate Mr. Amartya Sen. Whenever we give stress on social choice theory the emphasis is on free market economy where people with high purchasing power still dominates the lower income groups, cause demand supply forces will be influenced by the richer class and income differentials will prevail, for which we need a system of fixed economy in terms of governmental role in shaping the price mechanism and defining growth in real terms in sink with the common mass.

As told by Mr. Sen in capability approach that an individual’s capability depends on the freedom

of choice, but this theory will tend to redefine it. We are living in the era of knowledge economy, so we can define an individual's capability approach in terms of "the **ith contribution** made by an individual to the economy and the extent to which it is capable of drawing outside investment into the economy that will instill confidence". It will result in improvement in input-output analysis, and proper knowledge management, all other problems such as poverty, income inequalities have their route in it. The success indicator will be what extra money circulation is happening in the economy as a difference between profitability and social investment in the form of education, cost of setting up schools and colleges. Now, the rise in literacy rate will result in better service quality and more employable workforce either in domestic country or abroad for earning foreign exchanges. The need of the hour is cross-skilling as opposed to an individual specialized in particular job and when it is threatened by some external forces the individual becomes unemployable, so this policy will act as a shock proof to economic abnormalities.

So, we need a Socialistic system approach, where government should come up with educational policies congenial for economic growth. Every year government of all countries spend considerable amount in the union budget for educational development. As, I have mentioned about economic dilemma earlier, the dilemma is in terms of decision as what is the curtailment in expenditure to provide a stimulus package to education sector. The government may have two projects at the same time, suppose project A is investment in defense or other sectors and project B, in education so economists and government should think of money redistribution as to what portion cut in GDP growth rate at present will lead to rise in future, in the form of high employability in the population.

## MATHEMATICALLY

The Economic Policy will be unification between consumption model. Education is the function of social consumption and the marginal growth in economy is in terms of marginal benefit an individual is providing by "I %" rate of investment in the economy. So,  $M_e > M_c$ , where  $M_e$  = Marginal Return on Education in terms of rise in money inflow and  $M_c$  = Marginal investment to upgrade educational system.

Consumption Model of Education-Welfare: -  $Y = (X.a - 1 / MPC) * 2x$  or  $/2x$

Where, Y= Utility of Education; X= Percentage of population accessible to education; a= constant factor such as governmental educational policies, number of staffs getting recruited, number of schools and colleges with intakes which are uncontrollable; MPC= Marginal propensity to consume that is degree of influence on consumption with change in income, so the purpose of  $1 / MPC$  is to justify the fact that the rate of change in income influencing education must be lesser than Xa.

The purpose of  $*2x$  is when due to increase in literacy an individual is able to properly scan the economic scenarios and take advantage of it (positive outcome), and  $/2x$  is the failure to go above the poverty line (negative outcome). This is my formula for measuring the outcome of the social expenditure of education.

**ASSUMPTION:** The change in income is the decline in the income level of individuals due to

external factors.

My purpose of this theory is to make people aware of the rational decision making capability which they are lacking because of education. If the above theory works, then only my second point will validate regarding planned savings and investments, resulting in money utility.

1 / MPC- It can be obtained through strict governmental regulations as in socialistic system of economy.

So, there is a slight refinement required in measurement of HDI, in terms of education for census operators:-

$HDI = [1 + (MYSG - MYAE) / LE] \dots\dots$  (My 2<sup>nd</sup> formula for census operators) Where,  
MYSG= Mean year of service growth in terms of factor services growth by optimization model through education.

MYAE= Mean year of acquired education tenure..... [Marginal rate of skill substitution] LE= Life Expectancy of an individual for which an individual can render productive service.  
EXPLANATION- Here, 1= existing economic condition of any country.

- 1) Now policy formulation and revival of HDI calculation by census is needed, we need to add the differential value between MYSG & MYAE. What Mr. Sen said in his capability approach is that he considered mean & expected years of schooling, which may provide a start to career but will not adequately determine whether that individual is employable or not, until we consider the entire tenure of completion of education to make that individual industry ready, to meet both domestic and international requirements to earn foreign exchange and reduce the huge gap in the Balance of Payments.
- 2) MYAE= Basic Education + Vocational Training, the data will be available from census by keeping track on number of employments in each sector within a stipulated time period and the share in GDP growth changed rate in comparison to previous year.
- 3) I personally think that in case of education the demand curve and the supply curve both should move in the same direction for the domestic economy. This means that when any other country is hiring manpower from other economy, it will cost dearer for the hiring country and gainful for domestic country, it will enable to earn foreign exchanges which in turn will bridge the negativity in Balance of Payments. With the rise in price, demand & supply both rises which shows that there are more employable population for the job category which will be a driving force to remove poverty and unemployment- two greatest problems of economics all times.
- 4) The formula holds validity for developing economies, but if any economy is in fiscal deficit then its better to start -1, instead of +1, to track the trend of recovery and pattern of human development. So, it will help in utility analysis as well as time analysis, as time period for which the negativity remained can be tracked.

## CONCLUSION

Before concluding, I would like to offer my sincere thanks and gratitude to Mr. Amartya Sen, for his immense contribution to Welfare Economics. After studying the current economic scenario, I

felt that certain amendments are required both in terms of theory development and calculation of human development index. It is actually the darker side of Globalization that is throwing such sort of challenges to the citizens and they have to adopt to it. I would be grateful if my work and theory may be even a smallest contributor to human development.

## REFERENCES

1. National Economic Survey
2. Mr. Amartya Sen.'s Capability Approach Journal

## Editorial Board

### Dr. SS Narta

Professor  
Department of Commerce,  
Himachal Pradesh University,  
Summerhill, Shimla – 171005,  
H.P., India.

### Dr. Mamta Mokta

Professor  
Department of Public Administration,  
Himachal Pradesh University,  
Shimla, India.

### Prof. Shyam Lal Kaushal

School of Management Studies  
Himachal Pradesh University,  
Shimla, India.

### Dr. Durgesh Nandini

Associate Professor  
Department of Public Administration,  
IGNOU, Delhi, India.

### Dr B. Mohan

Associate Professor in English  
S.V. College of Engineering and Technology  
Chittoor, Andhra Pradesh, India.

### Dr. Dalbir Singh

Assistant Professor  
Haryana School of Business,  
G.J.U.S & T, Hisar,  
Haryana, India.

### Dr. Sonia Sharma Uppal

P.G. Department of Commerce and Management  
Arya College, Ludhiana,  
India.

### Nadeera Jayathunga

Senior Lecturer  
Department of Social Sciences  
Sabaragamuwa University, Belihuloya  
Sri Lanka

### Mrs. Sabina Dinesh Kumar

Assistant Lecturer  
Faculty of Management Studies & Comm.  
University of Jaffna,  
Sri Lanka

### Jumana M. Elhafiz

Assistant Professor  
Department of Biochemistry,  
Shendi University, Ministry of Health,  
Sudan

### Dr. Sunil Kumar

Assistant Professor,  
Punjab School of Economics,  
Guru Nanak Dev University,  
Amritsar, Punjab, India

### Dr. Ebele P. ifionu

Faculty, Department of Finance and Banking  
University of Port Harcourt, Nigeira

## Review Process

Each research paper/article submitted to the journal is subject to the following reviewing process:

1. Each research paper/article will be initially evaluated by the editor to check the quality of the research article for the journal. The editor may make use of iThenticate/Viper software to examine the originality of research articles received.
2. The articles passed through screening at this level will be forwarded to two referees for blind peer review.
3. At this stage, two referees will carefully review the research article, each of whom will make a recommendation to publish the article in its present form/modify/reject.
4. The review process may take one/two months.
5. In case of acceptance of the article, journal reserves the right of making amendments in the final draft of the research paper to suit the journal's standard and requirement.

## Categories

- Business Management
- Marketing
- Finance
- Insurance
- Human Resource & I.T.



## Published by

### Trans Asian Research Journals

SCO 34, 1st Floor, HUDA Market,  
Near Red Cross, Jagadhri - 135 003 (Haryana) INDIA  
Website : [www.tarj.in](http://www.tarj.in)

Our other publications :

Asian Journal of Multidimensional Research (AJMR)

ISSN (online) : 2278-4853