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Editorial

Dear Readers,

Ecosystem for Growth of Business is chameleon of a concept. In this VUCA world, the Ecosystem required for growth of different industries, in different countries at different point of time is different. This makes the concept dynamic and complicated too. All stakeholders are trying to understand and manage the ecosystem to get full advantage to achieve their respective objectives.

Governments want growth in business for development, employment creation and revenue generation. Business is a growth engine. Indeed different Governments are competing among themselves to develop competitive ecosystem. Business wants to decipher ecosystem to manage their venture efficiently and to visualize the future trends. Many NGOs and International bodies want to make business more ethical, human and sustainable. Academicians and Researchers are also trying to understand and research the phenomenon to add more knowledge to the discipline. In this 'ever changing' world, dynamic ecosystem is an order. A continuous study is required to understand the nuances. Hence, this issue of AMBER, has taken "Ecosystem for Growth of Business" as issue theme. These are the selected papers presented in the seventh International Conference organized by ABBS on the same theme.

I profusely thank the issue editors Prof. Anand Sasikumar and Prof. Ellur Anand for the effort they put in bringing out this issue in order. I also thank the contributors to the issue and you the patrons who read and give valuable suggestions for improvement.I fail in my duty, if I do not thank Management for their continuous support in bringing out this issue as they have done for the last fifteen issues.

Dr. H R Venkatesha, Director
Acharya Bangalore B-School, Bengaluru

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Issue Theme: Ecosystem for Growth of Business

An Empirical Study on Capital Structure Decision of Select Automobile Companies in India

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Abstract

This paper attempts to examine the firm specific factors which determine the capital structure decisions of publicly traded automobile companies of India. Based on the market capitalization, top ten 2 & 3 wheeler auto mobile companies listed in NSE and BSE are selected. Using multi regression model, accounting data of companies over a period of 10 years from 2007-2016 is chosen and the empirical study is conducted. Firm specific factors such as tangibility, firm size, liquidity, non debt tax shield, growth rate and profitability have been analyzed to check their influence on the leverage structure of the selected automobile companies in Indian context. Total debt leverage is taken as dependent variable and firm specific factors are taken as independent variables. It has been found from the study that except for non debt tax shield all the other factors like tangibility, liquidity, profitability, growth rate and firm size are statistically significant determinants of capital structure of the listed automobile companies.

Key words: Capital Structure, Leverage, Tangibility, Firm Size, Liquidity, Profitability

JEL classification: G32

Introduction

Capital structure refers to the mix of different securities known as debt equity ratio in a corporate firm. Capital structure decisions are considered to be one of the most crucial decisions of a company as it has a direct bearing on the success or failure of the company. A number of theories have been proposed and lot of research has been done in the past few decades on the capital structure decisions and the factors which influence them. This topic acquired special significance after the publication of seminal papers by Modigliani and Miller (1959, 1963). But neither the research nor the theory has been able to provide satisfactory explanation as to what factors affect the capital structure decisions (Brealey and Myers 1991).

Extensive research has been conducted on developed markets whereas emerging economies is still deficient of such meticulous investigation. There have been quite a few significant papers conducted on country-to-country comparisons (De Jong et al., 2008; Rajan and Zingales, 1995; Booth et al., 2001). Researchers like Bhaduri (2002), Harvey et al (2004) etc have focused on a few European and Asian countries. Bhaduri has conducted research specific to India with highly significant results but chose a limited number of variables and small sample due to limitation of data. Theoretical papers in this field have been even rarer.

Several researchers including Mitton(2006), have already exposed the tendency of convergence between emerging markets and developed economies. The emerging markets are steadily reaching the debt levels of developed countries. It would be convenient if the finding of the developed markets research when dealing with any capital structure problems is applied on emerging markets. However, the matter is not as straightforward as that seems to be. It is crucial to be sure that the companies, operating in emerging or developed capital market, actually follow the worldwide tendencies and that they choose their capital structure following the same logic. Alves and Ferreira (2007); La Porta et al (1998, 2000) and several others argued that the determinants of Capital Structure are significantly affected by jurisdictional factors like Corporate and Personal Tax System, Corporate Governance, Laws and Regulations of the country. Similarly, the development of the bond/capital markets, Rule of Law, Credit/Share holders Protection, etc, are quite specific to individual countries. It is therefore, very important to study individual emerging countries by themselves rather than the countries pooled together. Due to the uniqueness of India as a country, it is important to understand the behaviour of the firms by studying the country individually.

There is also limited work done specific to India related to capital structure theories and determinants (Booth (2001), Bhaduri (2002); Singh and Kumar (2008); Farhat et al (2009),). India as an emerging economy is based on common law with comfortable external debt environment. It has the potential for enormous expansion and the economy has been growing significantly in recent years. Hence it becomes important for us to understand the significance of capital structure decisions at the macro and micro level of financing (Joy Pathak). At the same time there are several firm specific and country specific factors which influence the capital structure decisions of publicly traded firms in India. Hence it is extremely important for finance policy-makers at the firm or aggregate level to understand what drives corporate financing.

Automobile Industry

India's automobile sector is one of the world's biggest industry. India produces 24 million vehicles as of 2015-16, which is almost 7.1% of the world's GOP. The Indian automobile industry consists of 5 types. They are commercial vehicles, MUV's & cars, 2 wheelers, 3 wheelers and tractors. The two wheeler holds the maximum market share which is about 81%. The Passenger Vehicle holds the market share of 13%. The exports of automobile in the year 2014-15 has a growth of 15%. By the year 2020 India is expected to become a market leader in 2 and 3 wheeler segment. India's automobile sector is one of the most competitive market in the world (www.ibef.org).

Literature Review

Some of the studies published in the relevant literature on capital structure decisions concerning the developed and developing economies have been included.

D Rakeshkumar Rasiklal Jani (2015). This paper tells about the determinants of capital structure in Automobile segment from 2009 to 2013 involving 3 organizations. The impact of Debt-Equity ratios on other ratio has been investigated in this review. The determinants of short term and long-term debt ratios and determinants of aggregate debt ratios has been considered.

Md . Suresh Babu.N, Prof. Chalam.G.V (2016) Capital structme and its determinants of Automobile organizations has been analysed in this paper. 58 Indian Automobile organizations listed on the Bombay stock exchange from the period 1997-98 to 2010-14 of around 17 years has been analysed. The Results demonstrates that the factors of profitability, size, substantial quality, development, and non-debt impose shield are contrarily related with leverage and risk and liquidity are emphatically related with leverage.

Md. Ashraf Chesti, Md. Khursheed Ali, Mr. Mouhidin Sangmi (2013). Attempt is made in order to learn the effect of capital structure on the profitability of a firm. Automobile industry is concentrated in this review. Around ten organizations for a period of five years are chosen for this study. The scientists have calculated different ratios to accomplish the destinations of the review. The discoveries have revealed that capital structure have measurably critical effect on the organizations profitability. Debt to Equity ratio is related contrarily to the profitability ratios.

Mohan Kumar M.S, Dr. Aswata Narayana T & Rashmi B.H. (2016). In this study the data collected from secondary source of the organization's annual reports. Top five automobile companies are selected which are listed in Bombay Stock Exchange on the basis of sales turnover. The study concludes that there is a positive correlation between DCL, DOL, & EPS and correlation is negative between DFL, EPS, DER is there & among majority of the companies selected for the study during study period. This study found that there is positive correlation between DCL, DOL & EPS which shows that there is a major relationship between, degree of combined leverage, degree of operating leverage & EPS. There is a high financial risk for the Eicher Motor and high earning capacity for Force Motor among the companies selected for the study.

N R Parasuraman and P Janaki Ramudu(2013) demonstrated as to how Indian firms went about in designing their capital structure positions. Regression with ENTER & STEP method has been used. The analysis revealed that the capital structure decisions of Indian firms depended largely on profitability in general and ROCE and RONW in specific in most of the years.

Joy Pathak (2010) examines the relative importance of six factors in the capital structure decisions of publicly traded Indian firms using two independent ordinary least square regression. The objective of this paper is to build on previous studies on the Indian capital market and model all the important factors affecting capital structure decisions of Indian firms post liberalization policy by Government of India. It has been found that factors such as tangibility of assets, growth, firm size, business risk, liquidity, and profitability have significant influences on the leverage structure chosen by firms in the Indian context.

Stein Frydenberg (2004) The author reviews various capital structure theories in this paper. He argues that what could determine capital structure is the pecking order theory and the static trade off theory. But after the review it has been found that neither of them provides a complete description of the situation and why some firms prefer equity and others debt under different circumstances. The paper is ended by a summary where the option price paradigm is proposed as a comprehensible model that can augment most partial arguments.

Frank and Goyal (2007) In this paper trade-off, pecking order and market timing theory has been analyzed. Factors such as industry median, market to book asset ratio, tangibility, profitability, firm size and expected inflation has been considered for leverage decisions. The empirical evidence seems reasonably consistent with some versions of the tradeoff theory of capital structure.

Kakani & Reddy (1998) This paper provides an empirical examination of the determinants of various capital structure theories. It attempts to develop and test a new theory on capital structure for large manufacturing firms in India. For different empirical and managerial implications short term and long term debt instruments have been measured. The results found are contrary to the classical financial theory.

Baral (2004) has made an attempt to examine the determinants of capital structure -size, business risk, growth rate, earning rate, dividend payout, debt service capacity, and degree of operating leverage of the companies listed to Nepal Stock Exchange Ltd. Eight variable multiple regression model has be used to assess the influence of defined explanatory variables on capital structure. This study shows that size, growth rate and earning rate are statistically significant determinants of capital structure of the listed companies.

Harris & Raviv (1991) This paper focuses on the theories of capital structure theories based on agency cost, asymmetric information, market interactions and corporate control considerations. This paper is developed on the modern theory of capital structure of Modigliani & Miller (1958) where the corporate tax is excluded. Hence the author has concentrated on the non-tax driven capital structure theories.

According to the author there are four determinants of capital structure and changes in the leverage is due to the changes in the stock prices.

Xiaoyan Niu (2008) talks about the capital structure choice and determinants related to many different factors. This thesis firstly present several traditional theories discussed on capital structure, such as trade-off theory, agency cost theory and theory of pecking-order. It suggests seven determined factors influencing the capital structure decisions and the correlations among these factors and the choice of capital structure.

Objective & Methodology

The objective of this paper is to analyze the importance of firm specific factors in the capital structure decisions of publicly traded Automobile companies of India. Further this paper focuses on examining whether the firm specific factors such as tangibility, firm size, liquidity and profitability affect the leverage structure of publicly traded automobile companies of India. Based on the market capitalization, top ten 2 & 3 wheeler automobile companies traded in NSE and BSE are selected. The ratios are calculated from the income statement and balance sheet of companies for a period of ten years ranging from 2007-2016. The data for the empirical analysis is sourced from Moneycontrol.com. The ten companies chosen are TVS motors, Hero moto corp, Bajaj auto, Endurance technologies, Atul auto, LML scooters India ltd, Maharashtra scooter ltd and Kinetic engineering ltd. Multiregression model is used to arrive at the empirical results with total debt leverage as dependent variables and firm specific factors like profitability, tangibility, liquidity, non debt tax shield, growth rate and firm size as independent variables.

Leverage

As can be seen in the literature, various definitions of leverage exist. All these characterizations of leverage revolve around some form of debt ratio. The definitions depend on whether market value or book values are used. In addition, definitions also depend on whether short term debt, long-term debt or total debt is used. Firms have several types of assets and liabilities and there can be further adjustments made to the definition. For this study, two definitions of leverage has been used and the data is presented accordingly.

Total Debt Leverage: This leverage definition uses a sum of debt in current liabilities and long term debt over the total assets (De Jong et al (2008)).

Firm Specific Independent Variables

a) Tangibility

Tangibility is the characteristic that an asset can be used as collateral to secure debt. Myers and Majluf (1984) argued that firms with more collateral value in their assets tend to issue more debts to take the advantage of low cost. The higher tangibility of assets indicates lower risk for the lender as well as low bankruptcy costs. Among the various factors that decide the capital structure chosen by a firm as mentioned above bankruptcy cost is important. Jensen & Meckling (1976) and Myers (1977) indicated that stockholders of the leveraged firms tend to invest sub-optimally to expropriate wealth from the firm's bondholders, and thus, a positive relation between debt ratios, i.e. leverage, and the collateral value of assets, i.e. tangibility, exists. A good proxy for this is asset tangibility which is measured as the ratio of the net fixed assets to total assets. Consistent with Jensen & Meckling (1976) and Myers (1977) proposition, it would be expected that higher tangibility would result in higher leverage.

b) Firm Size

Firm size has been suggested to be an important variable related to the leverage ratios of the firm. It is also argued that relatively large firms tend to be more diversified and thereby less prone to bankruptcy. Consistent with these arguments, we use firm size as an inverse proxy for the probability of bankruptcy, i.e larger firms are less likely to face distress. These arguments also provide basis to suggest that large firms should be highly leveraged. Similarly, the cost of issuing debt and equity securities is also related to size, and as suggested by Smith (1977) smaller firms pay many times more to issue new equity and even more in case of debt. The firm size can be measured either as a Log of total Sales or as the Log of total Assets. Titman & Wessels (1988) suggested that logarithmic transformation of sales reflects the size effect and therefore we take the Log of Total Sales as our proxy.

c) Profitability

To take into account asymmetric information issues it is common to use variables such liquidity and profitability. A study by Booth et al (2001) suggested that profitable firms might be able to finance their growth internally by using retained earnings while maintaining a constant debt-equity ratio whereas, less profitable firms have no such choice and are forced to go for debt financing. We propose that Profitability has a negative effect on leverage since more profitable firms will have more financial resources and will use debt as a last issue. Profitability was proxied as the ratio of the Operating income before depreciation to total assets.

d) Liquidity

Consistent with De Jong et al (2008) we agree that the liquidity is the accumulated cash and other liquid assets will serve as the internal source of fund and will be utilised first instead of debt. Therefore, we propose that liquidity has a negative effect on leverage. Liquidity was calculated by dividing the total current assets over the total current liabilities.

e) Non debt tax shield: This ratio is calculated in relation to depreciation and total assets **Kavitha (2014).**

f) Growth rate: This ratio is the annualized growth rate of revenue, earnings and dividend **Keshar J Baral (2004).**

Statement of Hypotheses

This study has tested the following null hypothesis on relation between the above defined independent variables and leverage of listed automobile companies:

H0: Total leverage is not influenced by profitability, liquidity, tangibility, non-debt tax shield, firm size and growth rate.

H1: Total leverage is influenced by profitability, liquidity, tangibility, non-debt tax shield, firm size and growth rate.

The regression equation is shown below:

$$LEV(TD)=\beta 0 + \beta 1\ TANG + \beta 2\ SIZE + + \beta 3\ PROFIT + \beta 4\ LIQUID + \beta 5\ NDTS + \beta 6\ GR+ \varepsilon i$$

Model Diagnostics

Table 1 provides the descriptive statistics for all the variables. Now looking at the diagnostics in Table 3 of the regression model it can be seen that the significance level is .000 which says that the H0 is rejected. That is there is a significant influence of all the independent variables on total leverage.

Table 1 showing the descriptive statistics of selected companies:

Descriptive Statistics

	Mean	Std.Deviation	N
totalleverage	.251859	.2247962	81
liquidityratio	1.207803	.8718027	81
profitabilityratio	.103742	.3023894	81
tangibily	.349572	.1773627	81
nondebttaxshield	.033663	.0435859	81
growthrate -firmsize	2745. 962963	4321. 8996539	81
	2.815423	1.0628260	81

Table2 showing the variables of selected companies:

VariablesEntered/Removed

Model	Variables Entered	Variables Removed	Method
1	firmsize, tangibility, profitabilityratio, non-debttax shield, liquidity ratio,growth rate		Enter

a. Dependent Variable:total leverage

b. All requested variable sentered.

Table 3 showing the model summary of the selected companies:

Model Summary										
Mod-el	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.632a	.399	.350	.1812165	.399	8.184	6	74	.000	.875

a. Predictors: (Constant), firm size, tangibility, profitability ratio, non-debt tax shield, liquidity ratio, growth rate

b. Dependent Variable: total leverage

4 Table showing the ANOVA table of the selected companies:

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.613	6	.269	8.184	000b
	Residual	2.430	74	.033		
	Total	4.043	80			

a. Dependent Variable: total leverage

b. Predictors: (Constant), firm size, tangibility, profitability ratio, non-debt tax shield, liquidity ratio, growth rate

5 Table showing the coefficients of the selected companies:

Coefficients						
Model		Unstanda-rdized Coefficients		Standar-dized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.226	.119		-1.904	.061
	liquidity ratio	.077	.030	.297	2.589	.012
	profitability ratio	-.325	.081	-.438	-4.022	.000
	tangibility	.465	.143	.367	3.252	.002
	non debt tax shield	-.443	.529	-.086	-.838	.405
	growth rate	-2.955E-005	.000	-.568	-3.191	.002
	firm size	.125	.039	.593	3.174	.002

From the above study it can be said that all the independent factors have a significant influence on the capital structure decisions of 2 and 3 wheeler automobile companies listed in BSE. There is further scope for research where in macro economic factors can also be considered to analyse the capital structure decisions of the selected companies.

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Micro Units Development & Refinance Agency – MUDRA -"Funding the Unfunded".

Prof. ASHOKA H E, Asst. Professor, ABBS

Abstract

India's New breed Entrepreneurs believe that a great product, a brilliant team and the right business model fueled by funding can accelerate the growth and success of entrepreneurs. This paper aims at understanding the role of government in providing financial support to new generation entrepreneurs with reference to the Pradhan Mantri Mudra Yojana (PMMY). The Government of India (GoI) is setting up a Micro Units Development & Refinance Agency (MUDRA) Bank through a statutory enactment. The Bank would partner with state level / regional level co-ordinators to provide finance to Last Mile Financiers of small / micro business enterprises. The research study aims at understanding the operational effectiveness of the MUDRA scheme by supporting and promoting partner institutions and creating an ecosystem of growth for micro enterprises sector. Every third person in an Indian city today is a youth. By 2020, India is set to become the world's youngest country with 64 per cent of its population in the working age group. India's poverty rate is set to decline from 51% of the population in 1990 to 24%, over the next five years. Encouraging entrepreneurship development at micro enterprise level will help raise the standard of the base level population.

Keywords: PMMY, MUDRA, Entrepreneurs, Micro enterprise.

INTRODUCTION TO PRADHAN MANTRI MUDRA YOJANA (PMMY):

The biggest bottleneck to the growth of entrepreneurship in the Non - Corporate Small Business Sector (NCSBS) is lack of financial support to this sector. Majority of this sector does not have access to formal sources of finance. Government of India is setting up MUDRA Bank through a statutory enactment for catering to the needs of the NCSBS segment or the informal sector for bringing them in the mainstream. To begin with, it is being set up as a subsidiary of SIDBI.

MUDRA, which stands for Micro Units Development & Refinance Agency Ltd., is a new institution being set up by Government of India for development and refinancing activities relating to micro units. It was announced by the Hon'ble Finance Minister while presenting the Union Budget for FY 2015. Micro Units Development & Refinance Agency Limited (MUDRA) and Pradhan Mantri MUDRA Yojana (PMMY) were launched on 08 April 2015 by the Hon'ble Prime Minister, Shri Narendra Modi. The purpose of MUDRA is to provide funding to the non corporate small business sector. MUDRA Bank primarily provides refinance for lending to micro businesses and units with a corpus of Rs.20,000 crores, and credit guarantee corpus of Rs.3,000 crores. MUDRA would be responsible for refinancing all Last Mile Financiers such as Non Banking Finance Companies of various types engaged in financing of small businesses, Societies, Trusts, Section 8 Companies [formerly Section 25], Co-operative Societies, Small Banks, Scheduled Commercial Banks and Regional Rural Banks which are in the business of lending to Micro / Small business entities engaged in manufacturing, trading and services activities. The Bank would partner with State / Regional level financial intermediaries to provide finance to Last Mile Financier of Small / Micro business enterprises. Under the aegis of Pradhan Mantri MUDRA Yojana, MUDRA has already created its initial products / schemes. The guidelines of PMMY issued by Department of Financial Services (DFS), GOI indicated that all banks are required to lend to micro enterprises engaged in manufacturing, processing, trading and service sector activities, for a loan up to 10 lakh. The interventions have been named 'Shishu', 'Kishor' and 'Tarun' to signify the stage of growth / development and funding needs of the beneficiary micro unit / entrepreneur.

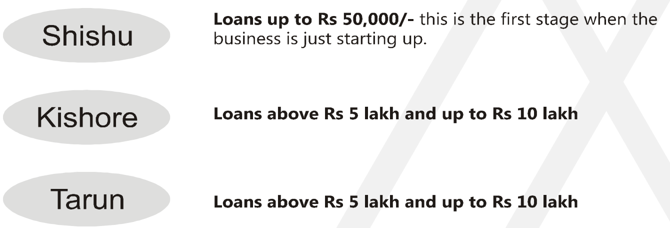

Figure 1: Classification of Schemes

Apart from the figure 1 products, the other products are initially being launched as sector/activity specific schemes are like business activities in Land Transport, Community, Social & Personal Services, Food Product and Textile Product sectors. Schemes would similarly be added for other sectors / activities which are as follows:

Figure 2: Functions of MUDRA

MUDRA Card

Figure 3:MUDRA card

Going forward, MUDRA would look at improving the offerings basket by looking at innovative ideas like a pre-loaded MUDRA Card (figure 2 & 3), say with an assessed value. The card offering will help provide pre-approved credit line to the members by providing a card that can be utilized to purchase raw materials and components, from registered producers on an online platform. The card could be linked with Pradhan Mantri Jan Dhan Yojana Savings Account of the borrower and the withdrawals could also be enabled through the Bank's ATM network for meeting the immediate liquidity problems of the micro enterprise.

MUDRA would also adopt a c**redit plus approach** and take up interventions for development

support across the entire spectrum of beneficiary segments. The highlights of such proposed interventions / initiatives are as under:

- Supporting financial literacy
- Promotion and Support of Grass Root Institutions
- Creation of Framework for "Small Business Finance Entities"
- Synergies with National Rural Livelihoods Mission
- Synergies with National Skill Development Corporation
- Working with Credit Bureaus
- Working with Rating Agencies.

MUDRA Strategic Focus

- Providing innovative products
- Providing finance at concessional rate of interest
- Implementing efficient processes
- Last mile financer
- Sustainability of stakeholders
- Technology the game changer

Objectives of MUDRA Bank

- The main objective of the Mudra bank is to build a suitable system to grow these businesses by providing finance.
- These banks are also to setup a good method of using the last-mile credit agent scheme system to small and micro business.
- The main objective of the bank is to make a good credit guarantee system so that the money is not loaned to a person who will go into debts and later becoming a liability to the government.
- The committee will also be guiding the person in order to ensure that his business won't be a failure.

Responsibilities of Mudra Bank

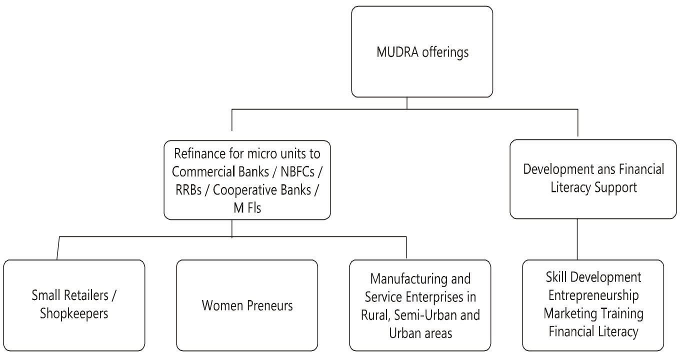

Figure 4: Responsibilities of Mudra

Government stand up plan for SC, ST and women entrepreneurs

As Finance minister Arun Jaitley reported in the economic times on 6th January 2016, in a bid to create jobs and promote entrepreneurship, the Cabinet approved Rs 8,000- crore funds that will stand guarantee for loans to new ventures and also announced 'Stand up India' scheme for credit facilities to SC, ST and women entrepreneurs at lower rates.

While the Rs 3,000 crore MUDRA Credit Guarantee Fund (CGF) will act as hedge against default of Rs 50,000 to Rs 10 lakh loan extended to small entrepreneurs, the Rs 5,000 crore Stand Up India CGF will stand guarantee for Rs 10 lakh to Rs 1 crore loans to be provided to least 2.5 lakh SC/ST and women.

List of Lending Institutions Shortlisted to be partners of MUDRA

Public Sector Banks - 27,

Private Sector Banks- 18,

Foreign banks - 2,

Regional Rural Banks (RRBs) - 56,

Co-operative Banks - 4,

Micro Finance Institutions (MFIs) - 39,

NBFCs - 25.

As per the objectives of MUDRA all the banks should carry out all the Responsibilities of Mudra.

Few earlier schemes before MUDRA

Microfinance schemes

- **SKDRDP-SIRI Institution-Integrates approach-microenterprise development**

Shri Kshethra Dharmasthala Rural Development Project (SKDRDP) is a Non-Governmental Organization working in microfinance sector (NGO-MFI) started in 1991, located in Karnataka, India. Operating in 20,000 villages covering more than 27,18,000 families , SKDRDP was able to promote 49,299 SHGs. It has adopted an integrated approach for the development of its clients. It combines financial, social intermediation with enterprise development services and social services.

♦ **SGSY-SHG bank linkage: Execution and Implementation Shortcomings**

Swarnajayanti Gram Swarozgar Yojana (SGSY), the asset-based poverty alleviation programme, has in-built subsidy component (both principle and interest) was linked with SHGs. It is an employment programme designed to stimulate income-generating activities for below poverty line population and different from earlier programmes in terms of the strategy envisaged for its implementation and has been conceived as a holistic programme covering all aspects namely organisation of rural poor into self-help groups and their capacity building, training, planning of activity, clusters infrastructure build-up, technology and marketing support with loan-cum-subsidy grants.

♦ **NABARD**

NABARD facilitates microfinance activities for the growth of both farm and non-farm related enterprises. Micro Enterprise Development Programme (MEDP) for Matured SHGs, aims at orienting mature SHGs towards enterprise activity. Under this programme, it started a package of services known as 3M, Micro-credit, Micro-market and Micro-planning to upgrade identified SHGs as micro entrepreneurs with the support of NGOs. This programme intervention aims at integrating livelihoods, income generation and credit and skill development for SHG members.

Entrepreneurial development schemes

- ASPIRE Scheme for promoting Rural area Entrepreneurship
- Pradhan Manthri Employment generation programme (PMEGP)
- Entrepreneurship skills development programme
- Trade Related Entrepreneurship Assistance and Development scheme for women (TREAD)
- KVIC
- Swarna Jayanthi Gram Swarojgar Yojana

Unorganized sector Schemes

- NREGA
- National rural health Mission
- Bharath Nirman

Recent initiatives which supports MUDRA

1. **PRADHAN MANTRI YUVA YOJANA** -scheme for entrepreneurship training and education.
2. **PRADHAN MANTRI KAUSHAL VIKAS YOJANA**- Industry relevant skill training for youth.
3. **UDAAN-** programme for employability of unemployed youth in J & K.
4. **STAR**-Student training assessment & reward scheme.
5. **DEEN DAYAL UPADYAYA GRAMEEN KAUSHALYA YOJANA**- Engage rural youth especially SC/ST and BPL classes to gain employment through skill development.
6. **New skill initiatives launched for youths** -skill initiatives on the occasion of "National Youth Day"
7. **Start Up India schemes** - to encourage start ups.
8. **Self-Employment and Talent Utilisation (SETU) scheme** - supervisory body with about ten members to oversee the allocation of funds.
9. **Atal Innovation Mission (AIM)** - to promote startups and scientific research.

In India, entrepreneurship can prove as one stop solution for addressing the major problems like unemployment and poverty. Considering these benefits, various initiatives have been taken by the government they are as follows:

Setting up of Special Economic Zones (SEZs), setting up of Entrepreneurship Institutions, organizing Entrepreneurship Development Programmes (EDPs) and various Government Programmes and Schemes for the promotion of entrepreneurship like Pradhan Mantri Employment Generation Programme, Credit Guarantee Scheme, Credit Linked Capital Subsidy Scheme for Technology Up-gradation, National Manufacturing Competitiveness Programme, Micro and Small Enterprises Cluster Development Programme, Technology Centre Systems Programme, Rajiv Gandhi Udyami Mitra Yojana, Khadi Reform

Development Programme, Market Development Assistance Scheme etc - **(Manish Kumar Jindal, Awadesh Bhardwaj 2016)**

Need for MUDRA Bank Scheme (Research Gap)

The growth in small businesses is the key to a better future for the Indian economy as the sector is estimated to account for 20 % of economic output and 40% of India's exports. Ideally large industrial houses provide employment to only 1.25 crore people, while small entrepreneurs employ 12 crore people. Despite the capability to absorb a larger population, availing credit from established Banks has never been easy due to the rigid financial norms. Thereby leading to stunted economic growth and low employment levels.

Credit is one of the very important inputs of economic development. The timely availability of credit at an affordable cost has a big role to play in contributing to the well being of the weaker sections of the society. The credit needs of micro enterprises are small and frequent in nature. While servicing the micro enterprises, the timeless of credit and the financial institution are crucial. Any financial product and package for micro enterprises necessary have to meet objectives of both the lenders and the borrowers **(Dr. R. Elangovan and Dr. K. Veeramani 2016).**

According to the research study conducted by NCAER, lack of training and finance are the major problems faced by Small Scale Industries (SSIs) besides procedural hassles, administrative hurdles, lack of infrastructure and counseling. Vasper also found that there are many barriers affecting entrepreneurship and identified lack of seed capital as one of the major barriers.

According to World Bank, India ranked 142nd among 189 nations in terms of ease of doing business. According to EY G20 Entrepreneurship Barometer, although India's rank is 11th while China ranked 3rd in terms of access to funding; India ranked last as far as education and training is concerned.India has evolved to become the 3rd largest base of technology startups in the world. Within one year, the number of start-ups in India has grown by 40 percent, creating 80000-85000 jobs in 2015. As of January 2016, there are 19400 technology enabled start-ups in India, of which 5000 had been started in 2015 alone **(Manish Kumar Jindal, Awadesh Bhardwaj 2016).**

In spite of several initiatives taken by the government, entrepreneurs still face certain problems like lack of availability of finance, technical knowledge, manaerial skills, availability of resources and infrastructure, awareness about entrepreneurship schemes and regulatory framework, market linkage etc. which obstruct the growth and development of entrepreneurship in the country - **(Manish Kumar Jindal, Awadesh Bhardwaj 2016).**

Review of performance of PMMY during 2015-16

The data collected through portal has been analyzed and some of the salient features are as under:

In order to give a boost to the lending under PMMY, especially for Shishu category loans, a credit campaign was carried out from 1st September 2015 to 2nd October2015. The campaign culminated in mega credit camps in different locations in the country from 25th September 2015 to 02nd October 2015. In order to enhance the awareness of the programme, MUDRA carried out a month long publicity campaign,on behalf of DFS, through print media and Radio. The credit campaign resulted in lending to 22.50 lakh borrowers as against a target of 25 lakh borrowers and lent Rs. 4120 crore.

1. Overall Achievement

The overall performance of the Yojana indicates that the target has been achieved during the year. As against the target of Rs. 122188 crore, the Banks and MFIs togetherhave disbursed Rs. 132954.73 crore, thereby achieving 109%. The achievements by Public Sector Banks indicate a substantial credit growth in this segment. Based on the data collected from the PSBs, it was seen that the disbursement by these banks in this segment was around ` 33,000 crore during the 2014-15 which has recorded a growth of

70% during 2015-16. The other lending institutions have also achieved high credit growth in this segment due to the initiative of Pradhan Mantri MUDRA Yojana.

2. Regional coverage

Region wise performance by banks (No. of accounts)

Category	North	West	East	South	Total
Shishu	2382453	1864905	1893789	2563432	8704579
Kishore	414020	331002	375376	852109	1972507
Tarun	120636	95641	60320	132814	409411
Total	2917109	2291548	2329485	3548355	11086497
% Share	26%	21%	21%	32%	100%

Table 1: Region wise performance by banks (No. of accounts)

From the above table it is clear that the MUDRA has covered all the regions and the performance from south region is more than the other regions i e 32 % market share (Refer table- 1). And it is also clear from the above table there were 11, 08,649 (Refer table - 1) customers have benefitted from the MUDRA scheme.

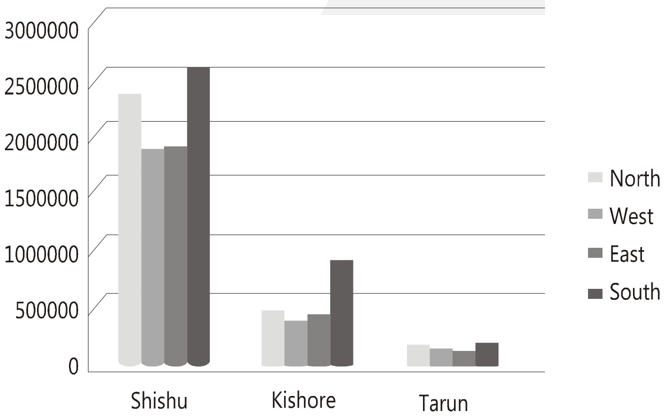

Figure 5: Region wise performance by banks (No. of accounts)

North: Chandigarh, Haryana, HP, J&K, Delhi, UP, Uttarakhand, Punjab and Rajasthan

West: Dadra & Nagar Haveli, D&Diu, Gujarat, Lakshadweep, MP, Maharashtra

East: NE States, Odisha, WB, Sikkim, Bihar and Jharkhand

South: Karnataka, Kerala, Pudicherry, TN, Telangana, AP, and Andaman & Nicobar

The regional coverage of the programme indicates from the figure 5, that all the four regions had wide coverage, although there had been an edge for the Southern region. The other three regions were almost at par to each other.

3. Individual Bank wise performance in terms of disbursement of loan:

The State Bank of India with Rs. 12281.18 crore stands out among all the banks inlending under PMMY. It is followed by Canara Bank with Rs. 7506.64 crore andPunjab National Bank with Rs. 3593.42 crore.Among the Private Sector Banks, HDFC Bank with Rs. 5356.89 crore tops the list, followed by Rs. 3921.51 crore by ICICI Bank, Rs. 3594.64 crore by Indus Ind Bank, and Rs. 2229.17 crore by Axis Bank.As regards RRBs, Uttar Bihar Gramin Bank with Rs. 1350.90 crore had the highestlending under PMMY, followed by Karnataka Vikas Gramin Bank at Rs. 1070.05crore and Rs. 1051.88 crore by Pragathi Krishna Gramin Bank.

4. Financing for New entrepreneurs

Bank Type	New Entre preneurs No. of A/c	New Entre preneurs Disbursement Amt in ` Cr
Public Sector Bank	3822226	35463.13
Private Sector Bank and Foreign Bank	1777400	8000.88
Regional Rural Bank	720430	5088.39
NBFC -MFI	6049094	10213.16
Non NBFC-MFI	105518	142.52
Total	**12474668**	**58908.08**

Table 2 : Financing for New entrepreneurs

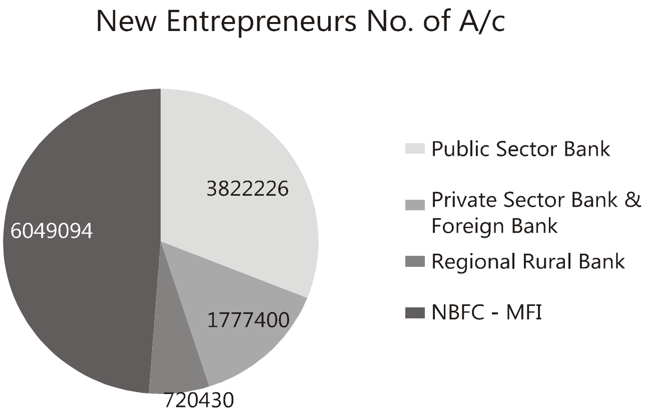

Figure 6: New Entrepreneurs No. of A/c details

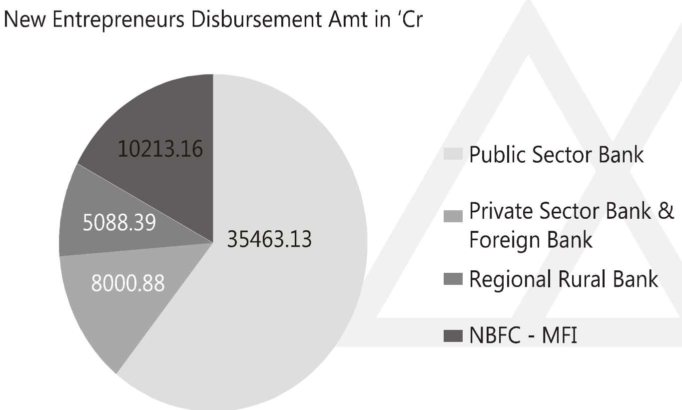

Figure 7 : New Entrepreneurs Disbursement Amt in ` Cr

MUDRA loan is meant for 'funding the unfunded'. It is available for both new units and expansion of existing units. The data of new entrepreneurs supported under PMMY, indicate that out of 3.49 crore accounts financed during the year, 1.25 crore accounts **(Refer table 2 and figure 6 & 7)** were for new entrepreneurs, which work out to 36%.

In the year 2015-16 Individual Bank wise performance in terms of disbursement of loans indicates the below facts :

The State Bank of India with Rs. 12281.18 crore stands out among all the banks in lending under PMMY. It is followed by Canara Bank with Rs. 7506.64 crore and Punjab National Bank with Rs. 3593.42 crore. Among the Private Sector Banks, HDFC Bank with Rs. 5356.89 crore tops the list,

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PROBLEMS ASSOCIATED WITH MUDRA YOJANA

- Due to worldwide economic slowdown many business houses are not performing good leading to the alarming increase of NPA (Non Performing Assets) of the banks.
- This has affected the financial health of the banks adversely, leading the banks to more concentrate towards recovery processes rather than towards financing the unfunded mass of people.
- Many financing banks are lending under this scheme merely for target achievement.
- Many people think that this is a govt. scheme to be provided to them irrespective of their projects.
- This is a collateral free loan attracting most of people to avail loan and this may increase defaulters at micro level.
- The loan applicant finds it very difficult to make a bank financial officer understand his project.
- This scheme is also to be popularized among woman and weaker section entrepreneurs which needs broad advertisement and training.
- Many people and bank officials are unaware of this loan scheme.

CRITICISM ABOUT MUDRA

- Many refinance banks like NHB are already available and far from success
- India already has a huge financial mechanism aimed at financing micro units.

- Instead of reforming and restructuring existing institutions for better focus creating MUDRA is an extra burden.
- There is danger of conflict of interest arising in the operations of the bank acting as a refinancing agency and the regulator for small companies
- Currently, the RBI is the regulator for NBFC-MFIs, if the MUDRA bank takes up the role of micro lending regulator, the issue of multiple regulation arises.

Conclusion

The small business forms the foundation of the economic strata and needs to be strengthened and supported. A large number of initiatives have been taken in the past few years. MUDRA Yojana is the latest scheme to boost the small and micro business in India .This initiative has been taken to focus exclusively on entrepreneurs. This scheme will contribute to the well-being of the individuals engaged in small scale industries which will positively affect the progress of the economy as a whole. MUDRA as a financial tool is found very effective in its initial stages across the country. This will surly make a dramatic change and will help in building a developed India.

The establishment of MUDRA would not only help in increasing access of finance to the unbanked but also bring down the cost of finance from the Last Mile Financiers to the micro/small enterprises, most of which are in the informal sector.

MUDRA Bank initiative intends to build a strong base by using E-Banking services to create self sufficient entrepreneurial talent which in turn will accelerate large scale employment opportunities and GDP Growth. Finance is the key element that determines the existence of a business whether large or small scale. Most Entrepreneurial ventures need the support of incubating centers by way of infrastructure, operating space, networkingand business solutions, until the business operations stabilize. The major constraints and areas of improvement in incubating entrepreneurs through the MUDRA Bank scheme are Access to funds for large scale and global operations, Infrastructure Gaps, access to entry level Technologies with E-Banking facilities and Relevant Business Solutions to entrepreneurs in order to expand the scope for better opportunities.

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Role of International Assignment Exposure to Individual Development

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Abstract

In the current globalized era international assignment is a part and parcel of every other organization dealing with international business. Talented workforce is the need of every organization and economies of world to meet the global criteria of excellence in foreign trade. International assignment to an expatriate is an experience of mixed bag. Where in the international assignment exposes the expatriate to a new culture, work environment and processes leading to enriching the individual experience contributing to overall development as an individual. The current paper focuses to analyze the contribution of international assignment exposure to the individual expatriate development in terms of skill, ability, and personality which otherwise might not be available with the domestic jobs holders and how this exposure reflects on expatriate behaviors which in turn would have an impact on employee performance individually and organizational effectiveness at large.

Key words: International Assignment, Expatriation, Expatriate Development, Individual development and International exposure.

Introduction

The international assignment exposure is a common scenario among the current working force, the various studies reveals that the international HR is in almost all the industrial sectors owing to FDI made in the countries across the globe from across the globe. Exchange of employees from one country to another is the essential characteristics of global HRM. The shift from one country to another exposes the employees for a foreign exposure where in the individuals get an opportunity to learn new work process, work culture, synergize ideas, coordinate and cooperate with individual of different stature, enhanced leadership skills, prepares the individuals to learn to face the contingencies, take up new and challenging job and get adjusted to an alien culture.In the current globalized era international assignment is a part and parcel of every other organization dealing with international business. And talented workforce is the need of every organization and economies of world to meet the global criteria of excellence in foreign trade. International assignment to an expatriate is an experience of mixed bag. Where in the international assignment exposes the expatriate leading to enriching the individual experience contributing to overall development as an individual.

The expansion of globalization has bearing on the internationalization of companies. There is a cumulative effect on foreign and Indian companies expanding their activities not only within the country but also on the international scale. This scenario has led to increase various new challenges in organization, including those allied to the international human resource management. Mounting activities outside the national borders challenges companies manage expatriation (assigning employees to work in a foreign subsidiary of a particular company for a specific period of time) and evaluate the process of expatriation. This process includes selecting the most proficient employees who have the necessary knowledge and, are open-minded and can act efficiently as well as adjust to a new environment quickly. After the completion of international tasks, the employees repatriate to their home country and continue their career in that same company or choose a different one according to the competencies and skills acquired during their international assignment. The Indian context as well shows that, as Indian companies are increasingly entering the international market, the executives and managers expatriates abroad is becoming more and more common. An increasing number of companies send their best employees to carry out various tasks in subsidiaries in foreign countries, as its working in an alien environment the foreign assignment is a learning experience. The current paper concentrates to analyze and understand the importance of foreign assignment exposure contributes to individual development of a repatriate as it's an opportunity for enhancing the knowledge and interpersonal skills along with gianing expertise in their respective field.

Statement of problem

As the global business is expanding significantly, the global activities of international human resource management is inseparable from the international assignments. As a result, an increasing amount of importance is attached to the outcome of assignment as the intention of a foreign assignment is not only filling in the position abroad but also to gain expertise from the foreign work process and environment. The employee on a foreign assignment is an expense to an organization as well to an individual who accepts the assignment in the foreign land, thereby if is significantly important to measure the outcome of an exercise which is different from the usual activity of a firm i.e., sending an employee to foreign country and taking an extra care of their whereabouts. The current study focuses to figure out the outcome of foreign assignment in terms of individual development of the repatriate post foreign assignment.

Literature review

For individual's career, work/life balance, development considerations, financial imperative and family motives are some of the factors expressively relate to the apparent career capital enlarged from assignments (Brewster, C et al., 2008).One of most complex stages of the expatriation process is the adjustment of expatriates during the international assignment which has significant impact on the expectations or various failures and emergence of individual problems (Rocke, D. et al., 2015). The CEO international assignment experience is positively related to and is significantly moderated by the CEO's functional background. Specifically, CEOs with international assignment experience and an output functional background (e.g., marketing and sales) are positively associated with greater Corporate Social Performance (Dixon-Fowler, H. R. et al., 2009).Individuals who are high on extraversion improved their Cultural Quotient and behavioral Cultural Quotient more than did individuals who are low on extraversion. Similarly, individuals who are high on openness to experience improved their motivational Cultural Quotient more than did individuals who are low on openness to experience (Köksal, O. et al., 2014) mutual loyalty, mutual transaction, agent opportunism, and principal opportunism-and present a matrix of organization-individual alignment to help predict varying degrees of success are the four basic configuration in expatriate assignment and in repatriation (Hall, D. T. et al., 2002).

OBJECTIVES OF THE STUDY

The primary objective of the study is to analyze the impact of international assignment exposure on individual development.

The sub-objectives are as follows:

1. To study the employee satisfaction post international assignment exposure.
2. To understand the level of employee self-evaluation.

SCOPE OF THE STUDY

International assignment exposure is a common scenario in today's globalized world. Human Resource exposed to foreign assignments is found in all the industries. The study shall be conducted in the multinational enterprises in Bangalore.

- The study focuses on repatriates in Bangalore.
- It attempts to study the individual development post foreign assignment.

RESEARCH DESIGN

The research design adopted for the study is descriptive & empirical in nature, leading to quantitative research.

Methodology

The study is carried out taking into consideration 20 repatriate form 5 MNCs in Bangalore city. The data for the study is collected from the aforesaid repatriates by exercising a structured questionnaire and the so collected data is analyzed by calculation mean and analyzed data is interpreted technically and suggested with suggestive measures.

- Survey Method: Mail survey method was adopted for collection of data.
- Sample Design: The industry considered for the collection of data for the study was IT sector in Bangalore.
- Sampling Technique: The sampling technique adopted for the study is snow ball sampling technique.
- Sample Unit: The sample unit of the study is the pool of repatriates from the Information Technology Sector.
- Sampling size: The sample size for the study is 20.
- Data Collection:
  - Primary Data: The primary data for the study is collected through the structured questionnaire from the repatriates working in Information Technology sectors.
  - Secondary Data: The secondary Data is collected from the national and international journals on Human Resource Management, International Human Resource Management and International Business. The articles from the various magazines like Human Capital, HBR, online magazines, books of national and international authors, thesis submitted to the different universities and web portals have been referred.

Limitations of the Study

- This study limits itself only to individual development achieved by the repatriates
- The data collected during the study both primary and secondary sources depend on the time factor and respondent's bias.
- During the conduct of the study natural biases are unavoidable.
- The study limits itself to Bangalore City.

Findings

The Indian repatriates as respondents in the study have been exposed to foreign assignment. Based on the objectives of the study the research is divided into factors leading to repatriates satisfaction and self-evaluation post foreign assignment exposure, the details of the findings are presented in the table below.

Table 1

Role of foreign assignment on self-development

Sl. NO	Particulars	Mean	Total Mean
1.	**Repatriates Satisfaction**		
	♦ I enjoyed foreign assignment	4.5	
	♦ I am pleased to express that I had a foreign exposure	4.5	
	♦ I feel gratified with the exposure I gathered during foreign assignment	4.4	
	♦ I can see how I contribute to the Company bottom line post foreign assignment	4.4	

	♦ I am made to feel that I am an important part of the Company	2.8	
	♦ My current position is rewarding	3.4	
	♦ I got a sense of personal accomplishment from foreign assignment	4.7	
	♦ I like my role post foreign assignment	3.4	3.6
	♦ I am very much engaged to my work post foreign assignment	4.2	
	♦ co-workers have accepted well post foreign assignment	1.9	
	♦ company offered compreh -ensive pay based on foreign exposure outcome	3.4	
	♦ I am valued as asset to the company	3.8	
	♦ Career growth is measurable post foreign exposure	2.8	
	♦ Feel stressed at current work	2.8	
	♦ Commitment to the work is on increasing front	4.9	
	♦ Likely to look for another job in near future	1.9	
2.	**Repatriates Self-Evaluation**		
	♦ I am pro-active post foreign assignment	3.75	
	♦ Open to changes and ambiguity	4.2	
	♦ Enhanced ability to travel to new places for work when need arises	4.8	
	♦ Can live in any environmental conditions	3.8	
	♦ Willing to accept any challenging task	3.9	
	♦ Motivated to follow new processes	3.7	
	♦ I have advanced my career	4.4	
	♦ I am encouraged to come up with new and better ways of doing things	4	4.31
	♦ Competent to take new task	4.5	
	♦ Foreign assignment exposure has enriched communication and interpersonal skills	4.8	
	♦ Can step in for co-workers when needed	4.5	
	♦ I had an opportunity to learn new things during foreign assignment	4.9	
	♦ Can easily adjust to changing]situations	4.2	
	♦ Efficiency has increased	3.9	
	♦ More innovative and creative post foreign assignment	4.4	
	♦ Foreign assignment exposure was and add-on to my skills	4.8	
	♦ Can efficiently adjust to changes	4.4	
	♦ Open to do things in new ways	4.3	
	♦ Have assimilated headship analytics	4.3	
	♦ New experiences and contacts have widen the outlook and perspective	4.8	

Source: created by the author on the basis of literature review

Note: All attributes were measured based on a 5-point Likert scale.

The above Table showing the responses of respondents towards the attributes considered for variables: repatriates satisfaction and repatriates self-evaluation.

Repatriate satisfaction

The study reveals, respondents strongly agreed they enjoyed foreign assignment, they are pleased to express that they had a foreign exposure; they feel gratified with the exposure they gathered during foreign assignment they feel they contribute to the Company bottom line post foreign assignment, they sensed personal accomplishment from foreign assignment, they liked their role post foreign assignment and very much engaged to work post foreign assignment and their Commitment to the work is on increasing front. Most of the respondents agree thier current position is rewarding,company offers comprehensive pay based on foreign exposure outcome and valued as asset to the company. Whereas respondents are neutral about they are made feel important part of the company, neutral in their response towards growth is measurable post foreign exposure and Feel stressed at current work.But most of the respondents disagree that thier co-workers have accepted well post foreign assignment. Respondents are not likely to look for another job in near future.

Whereas the total mean of repatriation reveals satisfactions reveals that most of the respondents agree they are satisfied post international assignment exposure.

Repatriate self-evaluation

Most of the respondents strongly agree that they are Open to changes and ambiguity, Enhanced ability to travel to new places for work when need arises, they have advanced their career prospect, they are encouraged to come up with new and better ways of doing things, Competent to take new task, foreign assignment exposure has enriched communication and interpersonal skills, can step in for co-workers when needed, had an opportunity to learn new things during foreign assignment, can easily adjust to changing situations, More innovative and creative post foreign assignment, foreign assignment exposure was and add-on to their skills, Can efficiently adjust to changes, open to do things in new ways, have assimilated headship analytics, New experiences and contacts have widen the outlook and perspective.

Most respondent's agree they are pro-active post foreign assignment, can live in any environmental conditions, willing to accept any challenging task, Motivated to follow new processes, Efficiency has increased.

The survey with respects to repatriate self-evaluation results, all the respondents are on agreeing side and no response towards neutral or disagreeing side. Thereby we can conclude that all the respondents are self-developed to evaluate themselves well.

Whereas the total mean of repatriation self-evaluation reveals that most of the respondents strongly agree they have self-developed post international assignment exposure.

Conclusion

The current study focused on individual development gained via foreign assignments in foreign country. The paper has exposed most of their respondents agree that they are satisfied post assignment and strongly agreed that there stay in the foreign land was fruitful and helped them to develop individually for better performance in their career. Further the research has discovered that their co-workers have not accepted them on return from the foreign assignment. The assignment has given them the confidence to start any new process as well take up their colleagues work when required, adaptable to change and can survive in any environment. These are the characteristics of a developed individual and hereby it can be concluded that international assignment exposure leads to contributes to repatriate satisfaction and development as an individual.

Scope for further research

Possible research can be conducted to understand influential factors contributingfor individual development during the foreign assignment.

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Conflict of Interest Among Women Employees as a Threat to Business Ecosystem

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Abstract

The impact of globalization and technological revolution has increased the opportunities for the women employees to work in the companies. The increased competition among the companies and the pressure to reach the target has forced the companies to give excess work load to complete within a limited time frame. This resulted in extended working hours and interference of work life into family life and from family life into work life causing conflict from both the domain. The ecosystem for a stable growth is disrupted due to these conflicting variables. For doing business a committed, enthusiastic workforce is required. This study tries to understand the personal factors and organizational factors that affect conflict among women employees. Study is related to women employees working in information technology companies. The personal factors like age, marital status from the personal side and work load and job satisfaction from organizational side towards work - life conflict is tested. The study found that young married women working in information technology companies have work-life conflict more than employees belonging to the other age group. It is also found that work load and work hours are also leading to work-life conflict. So for higher commitment and job satisfaction young female employees require more support from the organization for the business ecosystem to be stable and grow.

Keywords: Age, Marital Status, Work Hours, Workload, Work-life Conflict, Ecosystem, Business

Introduction

Ecosystem for business explains about the relationship of different stakeholders for their survival. Ecosystem explains about the interaction and interconnectedness results in creating a constantly evolving relationship. Understanding the complex inter-woven relationship among varied factors of ecosystems help the organization to grow and flourish well. Each and every stakeholder's development and its contribution is very important. Employees play a major role in an organization and are the core contributor for the development of the business. So their well-being and their contribution to the company is very important.

Progression in information technology, economic development of country and increased participation of women in education has resulted in the changes in the corporate. MckinseyGlobal Institute analysis stated that twenty six percent growths can be added to the annual global GDP by 2025 if the gender parity is improved. It is understood that lot of talents are wasted without doing anything. Many educated and capable women are spending time at home without utilizing it. Organizations are trying to gain the benefit by introducing more initiatives to attract those talents into the workforce. Improved educational prospects have provided them to enter into a new world of opportunities. These chances are more for women living in the urban areas. This helped them to improve their status in the society. Improvement of financial condition in the family is another factor for the acceptance of working women in the society. Entrance of women folk into the organization has caused imbalance in the family structure. For most of the women it is the bringing together of the responsibilities of taking care of the family and that of work. Kahn et al. (1964, p. 19) were among first who explained role conflict as "the simultaneous occurrence of two (or more) sets of pressures such that compliance with one would make more difficult compliance with the other". Interference of family aspects into work can be believed as the outcome of imbalance between work and family life. The advancement in technology allows the work to be carried home. The boundary line between work and family life disappears and both life starts to interfere into each other's domain. Greenhaus and Beutell (1985, p. 77) explained work life conflictas a "form of inter-role conflict in which the role pressures from work and family domains are mutually incompatible in some respect, that is, participation in the work (family) role is made more difficult by virtue of participation in the family (work) role". Hsu (2011) explains that work life conflict is bi-directional. Experiences at work(e.g. longer working hours, work overload, job stress, etc.) interfere with family life and time. Experiences at home (e.g. presence of young children, marital status,elderly care etc.) interfere with work life and time.

Literature Review

The impact of the conflict was found to be more among women compared to men. Studies revealed that women take more responsibilities (Parsons & Bales, 1955) related to family. Marriage is considered as a sacred institution in Indian context and is a union of two families (Chekki 1996) and children play a major role in the family.Marriage is the union of two families (Chekki,1996) and children pay a major role and parental role is precedence over the marital role (Rajadhyaksha 2012). Those without marriage or without children get enough time to get engrossed with the job while those with children would be bothered more about the family matters. According to (Clark,2001) job satisfaction increases with age and its effect on job satisfaction is U-shaped. The study like this in the Indian context related to women is relevant to understand her problems to contribute effectively to balance the ecosystem. Work to family interference and family to work interference were more for those employees who are married and with kids.Greenhaus and Beutell (1985) cleared in their study that inter task conflict occurred from the pressure from the respective family and work domains and were incompatible. The conflict related to work roles, work hours and work load would cause the stress to cross the boundary and cause negative behaviors to satisfy the family needs (Greenhaus et al 1987).Grandey et al. (2005) in their study suggested that when interference of work into family life exceeded, would result in dissatisfaction among the employees.As women take more responsibilities related to family they demand for child care, flexible work and work from home facilities (Hochschild, 1999). Waltman et al (2004) in his studies mentioned that women employees gain job satisfaction based on the environmental condition, departmental climate and demographics of the organization of the organization. Based on the literature surveyed the objectives framed are as follows.

Objectives

To find out the influence of personal factors like age and marital status towards work-family conflict.

To find out the influence of organizational factors like work load and work hours towards work-family conflict.

Hypothesis

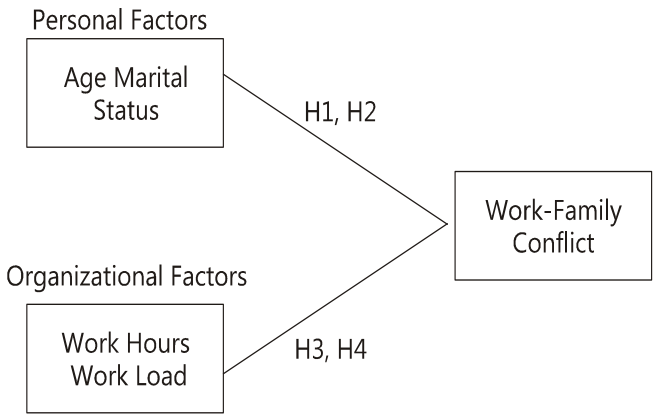
H1: Younger employees have higher work-life conflict than older employees.

H2: Married employees have higher work-life conflict than unmarried employees.

H3: Work load is significantly related to work-family conflict among women employees.

H4: Work hours is significantly related to work-family conflict among women employees.

Fig. No.1 Diagrammatic Representation of the Variables under Study



Methodology

Four information technology companies situated in Bangalore is considered for the study. The sample is collected from women employees working in information technology companies. The sample collected is 371. Convenience sampling method is adopted to collect the data. Standardised questionnaire is used. The scale of Netemeyer (1996) is used for work-life conflict. The reliability coefficient value for this scale is .892.Steven, Minnotte, Mannon& Kiger (2007) designed the scale of work load is considered in the study. The reliability coefficient is .841. The modified scale of Stephens and Sommer (1996) is used for work hours. The reliability coefficient value for work hours is .724. Likert scale is used. Statistical tools used for the study are Anova, Correlation and t-test. Descriptive statistics is used to summarize the large data that enable to compare across different demographics. Mean and standard deviation are also used to find the central tendency and dispersion.

Analysis and Interpretation

From the sample that is collected data is entered in the spss and analysed. It was found that majority of the women employees who participated in the study, 58.2% were in the age group of 20-30, 35.3% were between the ages of 31-40, and 6.5% in the age group 41-50. Nobody were in the age group above 50. While examining the marital status of women employees, 62.3% respondents were married and rest of the respondents were unmarried.

Table No.1: Demographic Composition

		Count	Column N %
D1.Age	20 - 30 yrs	216	58.2%
	31 - 40	131	35.3%
	41 - 50	24	6.5%
	51 & above	-	-
D3.Marital status	Single	140	37.7%
	Married	231	62.3%

The items considered under work-family conflict are given in the table 2.

Table No.2: Descriptive Statistics - Work -Family life Conflict

	N	Min	Max	Mean	Std. Dev
Work-Life Conflict Scale	371	1	5	3.05	0.96
WFC1.The demands of your work interfere with your home and family life.	371	1	5	3.16	0.92
WFC2.The amount of time your job takes up makes it difficult to fulfill your family responsibilities.	371	1	5	3.08	0.97
WFC3.Things you want to do at home do not get done because of the demands your job puts on you.	371	1	5	2.92	1.00
WFC4.Your job produces strain that makes it difficult to fulfill family duties.	371	1	5	2.85	0.92
WFC5.Due to work-related duties, mostly, you have to make changes to your plans for family activities.	371	1	5	3.24	1.01

In the analysis it was found that work-family life conflict achieved the overall mean score of 3.05. "Due to work-related duties, mostly, you have to make changes to your plans for family activities" achieved the highest mean score of 3.24. "The demands of your work interfere with your home and family life" & "The amount of time your job takes up makes it difficult to fulfil your family responsibilities" achieved the mean score of 3.16 & 3.08 respectively. While "Your job produces strain that makes it difficult to fulfil family duties" achieved the lowest mean score of 2.85. For all the above constructs standard deviation varied from 0.92 to 1.01. The final mean and standard deviation of work-to-family interference is 3.05 and 0.96.

Changing the plans for family activities due to office work related matters results in conflict. This causes less concentration on work, less job satisfaction, absenteeism and may even affect ones health.

Personal Factors

The two personal factors considered in the study are age and marital status. Different age groups are studied whereas their matrimonial status is also considered.

Table No.3 Anova for Age and T-test for Marital status

Construct	Demographic Variable (Age)	N	Mean	Std. Dev	F value	Sig. value
Work-life Conflict	20 - 30	216	3.06	0.74	2.43	0.03
	31 - 40	131	3.09	0.90		
	41 - 50	24	2.70	0.83		
	51 & above	Nil				
Work-life Conflict	Marital Status	N	Mean	Std. Dev	T value	Sig. Value
	Single	140	2.99	0.86	1.73	0.04
	Married	231	3.14	0.71		

H1: Younger employees have higher work-life conflict than older women employees

The respondents of 20-30 yrs age achieved mean score of 3.06, respondents of 31-40 yrs achieved a mean score of 3.09. While respondents of 41-50 yrs age achieved mean score of 2.70. The F value got is 2.43 and significance is 0.03. Since the significant value is less than 0.05, it is proved correct that the younger employees have higher work-life conflict than older employees. So there is a significant is at 5% level and the null hypothesis is rejected and the alternate hypothesis is accepted.

H2: Married employees have higher work-life conflict than unmarried women employees

The single respondents have a mean score of 2.99, whereas married respondents have a mean score of 3.14. The analysis showed that the T value is1.73 and significance is 0.04. Since the significance value is less than 0.05, it is proved that married employees have higher work-life conflict compared to unmarried women employees and so significant at 5% level. Hence, null hypothesis is rejected and alternate hypothesis is accepted.

Organizational Factors

The two organizational factors considered in the study are work load and work hours. The work load explains the amount of work the employees have to complete per day. The work hours explains the number of hours employees have to work to complete the work. The descriptive statistics of both work load and work hours are given below.

Table No.4 Descriptive Statistics - Work Load

	N	Min	Max	Mean	Std. Dev.
Work Load	371	1	5	1.87	1.05
WL1.You work on your days off (e.g., weekends)	371	1	5	1.71	1.03
WL2.Your job makes personal life difficult	371	1	5	1.81	1.05

WL3.You neglect personal needs because of Work	371	1	5	2.08	1.07
WL4.You stay at work after normal working hours	371	1	5	2.34	1.10
WL5.You check back with the office or work place even when you are on vacation	371	1	5	1.94	1.22
WL6.You work late into the night at home	371	1	5	1.74	1.01
WL7.Cannot finish your work on time so carry it home.	371	1	5	1.50	0.85

From the above table it is clear that work load achieved the overall mean score of 1.87. 'You stay at work after normal working hours' achieved the highest mean score of 2.34. 'You neglect personal needs because of work', 'You check back with the office or work place even when you are on vacation' & 'You work late into the night at home' achieved the mean score of 2.08, 1.94 & 1.74 respectively, while 'Cannot finish your work on time so carry it home' achieved the lowest mean score of 1.5. For all the above constructs standard deviation varied from 0.85 to 1.22. The final mean and standard deviation of work load is 1.87 and 1.05.

Table No.4 Descriptive Statistics - Work Hours

	N	Min	Max	Mean	Std. Dev.
Work Hours	371	1	4.60	2.15	1.21
WH1.Your work load keeps you at office for a long time most days.	371	1	5	2.15	1.19
WH2.You feel you work more hours at office and are bothering you.	371	1	5	1.89	1.08
WH3.You have to miss family activities due to the amount of time you must spend on work responsiveness	371	1	5	2.18	1.04
WH4.You skip lunch or other breaks because of less time to complete more work, mostly.	371	1	5	1.91	1.12
WH5.You feel you spend more time in commuting / travelling from office to home and vice versa.	371	1	5	2.63	1.62

From the table it was found that work hours achieved the overall mean score of2.15. 'You feel you spend more time in commuting / travelling from office to home and vice versa' achieved the highest mean score of 2.63. 'You have to miss family activities due to the amount of time you must spend on work responsiveness', 'You skip lunch or other breaks because of less time to complete more work, mostly', 'Your work load keeps you at office for a long time most days' achieved the mean score of 2.18, 1.91, and 2.15. 'You feel you work more hours at office and are bothering you' achieved the lowest mean score of 1.89. For all the above constructs standard deviation varied from 1.04 to 1.62. The overall mean and standard deviation of work hours is 2.15 and 1.21.

It is clear that work load is more and they stay back to complete it and they spend more hours in travelling that is occupying much of their time.

Correlation helps to find the association between the variables considered. Here work load and work hours are tested with work-life conflict.

Table No.5 Correlation - Organizational Factors and work-life conflict

		Work-LifeConflict
Work Load	Pearson Correlation	.478**
	Sig. (1-tailed)	.000
	N	371
Work Hours	Pearson Correlation	.520**
	Sig. (1-tailed)	.000
	N	371
**. Correlation is significant at the 0.01 level		

The above table, it is clear that there is a relation between work load and work-life conflict and also work hours and work-life conflict. Work load and Work hours are positively related and the r value is 0.478 & .520 respectively. Since the significant value is less than 0.05 the constructs work load and work hours are statistically significant at 1% level.

Discussion

The ecosystem of the business can be said to be balanced only when each and every stakeholder is satisfied. Employees are the core contributor for the growth of the organization. Business ecosystem is explained as the network of organizations like suppliers, distributors, employees, customers, competitors, government agencies and so on to deliver a specific product or service. Employees who are part of the ecosystem play a major role for the future growth of the organization, especially talented women employees. For the organization to compete and grow in an innovative way well being of employees has to be taken care. Excess work load and more hours of work in the organization result in conflict of work and family life. This is proved through this study. The result of the study is also in accordance with the literature surveyed. The participation of women has proved that their contribution to the organization is inevitable. Women employees, especially young and married working in the information technology companies faces this problem. Minimum work hours of these employees are nine hours. From the study it is clear the employees whose age is between 20 yrs and 30yrs are suffering from work-life conflict more while compared to others. Those above 40 yrs experience less conflict as the responsibilities towards home has reduced as their children would have grown big compared to youngsters. Women employees who are married experience more conflict compared to unmarried employees. Married employees may be accountable to many activities within the family and outside compared to unmarried women employees. More the work load more hours of work are required to complete the work. This causes the job related activities to penetrate into the family life. This causes conflict resulting in less satisfaction to the job. Employees being the core contributor for the growth of the organization have to be taken care for the survival and continuous growth of the organization. So a serious thought towards this issue is required and policies have to be formulated to minimize the conflict between work and family life.

Conclusion

Participation of women employees contribute much to the growth of information technology company is proved beyond doubt from some of the leading publications. In order to retain them in the company and make them work effectively, the conflict within them related to job and family life has to be minimised. The commitment towards the organization increases only by providing a helping hand to the women employees, especially who are struggling to balance work and family life. This study tries to prove that women employees find work load and work hours effecting them badly for those who are married and young. They are also part of business ecosystem and understanding their issues and solving it may contribute much to improve the complex inter-woven relationships of the factors of the ecosystem.

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Impact of Relationship Marketing Orientation on Customer Loyalty of Select Banks in the District of Burdwan, West Bengal

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Abstract

In today's competitive world,customers are in the center of the banking companies' attention and their satisfaction is the main factor in gaining competitive advantage. The fundamental prerequisite for achieving customers' satisfaction is to fully meet or exceed their needs, wants, desires,expectations, and their willingness to purchase products/services. Customer loyalty emerges as one of the most important challenges faced by bank marketers. Cultivating loyal customers is frequently argued to be the single mostimportant driver of organizations' long-term financial performance and customer base, which can lead to increased sales and customer share, lower costs, and higher prices on services. The purpose of this study is to empirically investigate the impact of relationship marketing orientation on customer loyalty in select banks in the district of Burdwan, West Bengal. The findings contribute to understanding the relationships between different dimensions of relationship marketing orientation, customer loyalty and demographic variables; provide critical implications for bank managers; and highlight directions for future research.

Keywords: Relationship Marketing, Customer loyalty, Trust, Commitment

Introduction

The marketplace today is very dynamic, vibrant and competitive. The customers are smarter, more informed, and have an access to many channels and choices which they take little time to exercise. Customer can easily defect to competitors who promise better offerings at lower prices (Bhardwaj, 2007). It is this environment that forces different organizations to adopt innovative marketing strategies-the most common being Relationship Marketing Strategy (RMS) which "strives to get the firm close to the customers in order to enable it to accurately and adequately discern and satisfy their needs" (Ndubisi et al, 2005).A successful 'firm-customer relationship' enables the firm to gather exclusive information about the customers' needs and wants which is useful not only in serving the customers better but it also helps firms to achieve a competitive edge over its peers and rivals.

The environment of the banking business in India has undergone a sea change over the last three decades with the liberalization policies of the successive governments. The complex and competitive environment has resulted in a shift of the customers' attitude as they have become highly demanding in respect of the banking products and services and switching their loyalty according to their own sweet will. The high customer turnover today is attributed to the fact that they have wider choice and easy access to multiple options owing largely to the technological revolution. Hence it has become necessary to devise comprehensive and all-inclusive marketing strategies from 'reaching out to retaining'of customers with a special focus on the latter, which is discernible in their various marketing endeavours.

The banks which have predominantly promoted the transactional trait of its operation, of late are focusing on the relational aspect of marketing as is evident in their promotional efforts. Some of the taglines representing their brands are:

Name of the Bank		Campaign taglines
Allahabad Bank	-	A tradition of trust
Bank of Baroda	-	India's International Bank
Bank of India	-	Relationship beyond banking

To understand Relationship Marketing further especially in the banking branches of Kolkata the researcher has tried to delve deeper into the subject through a thorough literature review and propose a conceptual model involving relationship drivers affecting Relationship Marketing Strategy. Scholars and academicians have listed and theorized key relationship drivers/constructs/variableslike trust **(Moorman et al., 1993; Morgan and Hunt, 1994; Ndubisi, 2004),** Commitment **(Moorman et al., 1993; Morgan and Hunt, 1994; Ndubisi, 2004),** satisfaction **(Sheith et al., 1988),** Conflict Handling **(Dwyer et al., 1987),** empathy **(Ndubisi, 2004)**and many others through various marketing literatures.

The variables chosen for the current study are Trust and Commitment based on the following facts:

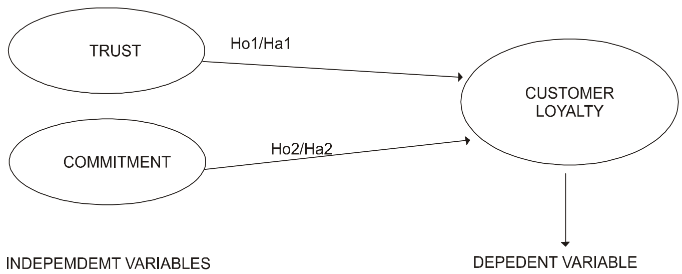
(i) The variables find a mention in the promotional efforts of the banks as referred to earlier.

(ii) The mid level bank officials whom the researcher interviewed and who act as a link between the rank & file supplying ground level information to the policy makers stressed on the afore mentioned traits.

(iii) The customers spoken to by the researcher also corroborated the fact that they give importance to the variables chosen by the researcher.

In the current study the influence of each of the aforesaid independent variable (Trust and Commitment) on the dependent variable i.e.,Customer Loyalty (CL) will be empirically tested. In other words the conceptual framework of the following figure will be empirically tested.

Figure1:Conceptual Framework



Before deliberating on this issue it is necessary to have some idea about the concept of trust and commitment. Trust was defined in 'The Journal of Marketing Research' by **Christine Moorman et al(1992)** as "the willingness to rely on an exchange partner in whom one has confidence".**Gronroos (1990)** emphasized that the resources of the seller - personnel, technology and systems - have to be used in such a manner that the customer's trust in the resources involved and, thus, in the firm itself is maintained and strengthened.

Commitment is an important determinant of the strength of a marketing relationship. Commitment, according to **Morgan & Hunt, 1994,** plays a central role in the relationship marketing paradigm. In marketing literature **Moorman et al., 1992** have defined commitment as "an enduring desire to maintain a valued relationship". Thus commitment is enduring and implies a positive evaluation of a long-term relationship **(Bowen & Shoemaker, 1998; Moorman et al, 1992; Morgan & Hunt, 1994).** Consequently, Commitment is often seen as a key to long-term customer retention **(Amine, 1998).** This further implies a higher level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial **(Gundlach et al., 1995; Morgan and Hunt, 1994).** Since, commitment is higher among individuals who believe that they receive more value from a relationship, highly committed customers should be willing to reciprocate effort on behalf of a firm due to past benefits received **(Mowday et al., 1982)** and highly committed firms will continue to enjoy the benefits of such reciprocity.

Objective of the study

The objective of this study is to investigate the influence of selected independent variables (trust, commitment) on the dependent variable (customer loyalty) of the selected banking branches in the district of Burdwan in West Bengal.

Research Hypotheses

To give effect to the problem statement a number of null hypotheses have been formulated, stating that no relationship exists, as depicted in the conceptual diagram figure. Alternative hypotheses have been formulated stating that relationship exists, as depicted in conceptual diagram.

Specifically the null and alternative hypotheses are:

Ho1:There is no relationship between perceived Trust and Customer Loyalty in the selected banking branches in Burdwan.

Ha1:There exists a relationship between perceived Trust and Customer Loyalty in selected banking branches in Burdwan.

Ho2:There is no relationship between perceived Commitment and Customer Loyalty in selected banking branches inBurdwan.

Ha2:There exists a relationship between perceived Commitment and Customer Loyalty in selected banking branches in Burdwan.

Research Methodology

A structured questionnaire was developed including some selected items from previous studies. In addition interviews were conducted with officers of the banks selected for the study in order to identify important aspects of Relationship Marketing to assist development of questionnaire items.

The questionnaire has two components- Part A and Part B.

The first part (i.e., Part A) contains five items to gather some relevant demographical information about the respondents viz., gender, age, qualification, annual income, and number of years of association with the bank.

The second part (i.e., part B) contains 15 items to gather the responses (i.e., the perceptions) of respondents on a five point scale (the response alternatives being, strongly disagree/disagree/ neither agree nor disagree/agree/strongly agree) with respect to three aspects viz., trust [6 sub-variables viz.,Security of Transaction, Reliable Promise, Consistent Service, Respect of Customers, Fulfills Obligation, Confidence in Service], commitment [4 sub-variables viz. Flexibility1, Adjustment, Flexibility2 and Personalised Services] and Customer Loyalty aspects [5 sub-variables viz. Satisfaction, Relationship Benefits, Cooperation, Bond, Experience].

The primary data collected have been intelligently collated, analysed and tabulated using appropriate statistical techniques with the help of a statistical software package, viz.,**SPSS (version 20).**

Data Sources

The researcher has chosen the public sector banks designated as scheduled commercial banks headquartered at Kolkata viz. UCO Bank, United bank of India and Allahabad Bank. The reason being:

(i) The study is based on banks in with branches in Burdwan district of West Bengal.

(ii) It helped the researcher design the questionnaire after talking to the officials who are involved in devising marketing strategies and policies.

(iii) It is basically a perception study. Hence it was essential to identify the customers interacting frequently with the bank. Speaking with the aforementioned officials helped the researcher to identify such customers.

There are 351 branches of UCO (79), UBI (North+South=118) and Allahabad (154) Bank in Burdwan and Kolkata. 35 branches were chosen (representing 10% of the number of branches) from among the 351 branches in the following manner.The branches were selected based on the premise of Convenience Sampling.

UCO Bank	-	8 branches
United Bank of India	-	12 branches
Allahabad Bank	-	15 branches
Total	-	35 Branches

The customers chosen are those having current accounts enjoying cash/credit accounts/facilities, who utilize the aforementioned accounts for financing their working capital requirement and the accounts are active and transactions are regular in nature.

Information relating to 5508 Cash/Credit account holders was collected. Out of them contact details [telephone numbers (landline and cellular), e-mail i/ds] of 550 (i.e 10% of 5508) account holders could be gathered and contacted to. 384 respondents (i.e 70% of 550) actually responded out of which 312 (57% of 550) completed questionnaires were selected.

Tools for Data Analysis

Crosstabs and Chi-square-The researcher performed the Chi Square test for independence of attributes between two categorical variables which uses cross classification table to examine the nature of relationship between the variables (independent, and dependent).

Factor Analysis-Factor analysis is a statistical tool used to group variables with similar characteristics together. It helps to reduce large number of variables to a smaller number of manageable variables. The reduced number of factors is utilized to explain the observed variance in the large number of variables.

Correlation and Regression-The word "correlation" is used to denote the degree of association between the variables. In the current research the statistical tool has been used to find out the relationship between the individual independent variables (Trust, Commitment) and the dependent variable (Customer Loyalty).

"Regression" is used to denote estimation or prediction of the average value of one variable for a specified value of other variable.

Pilot Survey:

The researcher conducted a pilot survey to verify the strength of the measuring instrument viz., the questionnaire. A total of 50 participants were chosen for the pilot test and reliability test was performed using Cronbach's Alpha.

Reliability of a measure is an established tool for testing both consistency and stability. Consistency indicates closeness of the items measuring a concept. Cronbach's Alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another. The coefficient can range between 0 and 1. Closer the value of item to 1 greater is its reliability/consistency. In the present (pilot) study the three Key Constructs Trust (6 items), Commitment (4 items) and Customer Loyalty (5 items) have coefficient scores of 0.835, 0.792,0.748 which indicates that the items within the Key Constructs are closely related, hence are consistent/reliable.

Empirical Survey and its Findings

The researcher then proceeded with the analysis of the data of the main survey. The Reliability test was performed using Cronbach's Alpha on the responses of the 312 customers. The coefficient scores of 0.754, 0.720 and 0.722 respectively of the independent (Trust and Commitment) and dependent variable (Customer Loyalty) shows that the responses are consistent and reliable.

Crosstabulation and Chi Square test were then performed in two stages to find out whether and how the sub variables (referred to earlier) of independent variables (trust, and commitment) and the sub variables (referred to earlier) of dependent variable (customer loyalty) are related to each other. The null hypothesis being that, there is no statistically significant relationship between the sub variables of independent variables and the sub variables of dependent variable.

In the first instance the null hypothesis is that there is no relationship between the sub variables of the independent variable trust and the sub variables of the dependent variable relationship marketing strategyand the low p values ($p<0.001$)obtained gave the strength to reject the same. In other words we accept the alternative hypothesis that there is relationship between the sub variables of the independent variable and the sub variables of the dependent variable.

In the second instance the null hypothesis is that there is no statistically significant relationship between the sub variables of the independent variable commitment and the sub variables of the dependent variable relationship marketing strategy and the low p values ($p<0.001$) obtained prove that the same can be rejected. In other words we accept the alternative hypothesis that there is relationship between sub variables of the independent variable and the sub variables of the dependent variable.

Factor Analysis was then performed in three stages to reduce the number of variables into a manageable limit.

The tables showing the results are given below.

TABLE 1: Factor Analysis - Trust

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.758
Bartlett's Test of Sphericity	Approx. Chi-Square	422.756
	Df	15
	p value	<0.001

Source: worked out by using the SPSS (version 20) using responses to questionnaire

The value of KMO measure of Sampling Adequacy as shown in the table above for the variable Trust is 0.758 which is acceptable;hence Factor Analysis is appropriate for this data.

The Bartlett's test of Sphericity tests the null hypothesis that original matrix is an identity matrix. The p-value for the variable **Trust** is low enough ($p<0.001$) to reject the null hypothesis. In other words there are relationships between the variables.

TABLE2: Total Variance explained:Trust

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.717	45.285	45.285	2.717	45.285	45.285
2	.994	16.570	61.855			
3	.761	12.683	74.538			
4	.624	10.400	84.939			
5	.532	8.867	93.806			
6	.372	6.194	100.000			

Extraction Method: Principal Component Analysis.

Source: worked out by using the SPSS (version 20)using responses to questionnaire

The above table shows the eigenvalues associated with each factor which represents the variance explained by that particular linear component. SPSS was used to extract factors having eigenvalues more than 1 which left us with one component having actual eigenvalue of 2.717 having variance explaining capacity of 45.285% which is satisfactory.

TABLE 3: Component Matrix:Trust

Component Matrixa	
	Component 1
TRUST : SECURITY OF TRANSACTION:The bank is very concerned with security for my transaction	.769
TRUST : RELIABLE PROMISE : The bank's promises are reliable	.693
TRUST : CONSISTENCY IN SERVICE : The bank is consistent in providing quality service	.500
TRUST : RESPECT OF CUSTOMERS: The employees of the bank show respect to customers	.753
TRUST : FULFILLS OBLIGATION : The bank fulfils it's obligations to customers	.621
TRUST : CONFIDENCE IN SERVICE : I have confidence in the bank's services	.666
Extraction Method : Principal Component Analysis.	
a. 1 components extracted.	

Source:worked out by using the SPSS (version 20)using responses to questionnaire

The Component matrix above shows factor loadings against component 1 extracted earlier. All the loadings are significant as the values are more than

0.4. The order in which the customers considered the factors to be important is **Security of transaction, Respect of customers, Reliable Promise, Confidence in service, Fulfills Obligation** and **Consistency in service.**

TABLE 4: Factor Analysis -Commitment

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.642
Bartlett's Test of Sphericity	Approx. Chi-Square	263.271
	Df	6
	p value	<0.001

Source: worked out by using the SPSS (version 20)using responses to questionnaire

The value of KMO measure of Sampling Adequacy as shown in the table above for the variable **Commitment** is 0.642 which is acceptable; hence factor Analysis is appropriate for this data.

The Bartlett's test of Sphericity tests the null hypothesis that original matrix is an identity matrix. The p-value for the variable **Commitment** is highly significant (p<0.001) and low enough to reject the null hypothesis. In other words there are relationships between the variables.

TABLE 5: Total variance explained : Commitment

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.717	45.285	45.285	2.717	45.285	45.285
1	2.180	54.502	54.502	2.180	54.502	54.502
2	.793	19.815	74.317			
3	.644	16.110	90.427			
4	.383	9.573	100.000			

Extraction Method: Principal Component Analysis.

Source: worked out by using the SPSS (version 20)using responses to questionnaire

The above table shows the eigenvalues associated with each factor which represents the variance explained by that particular linear component. SPSS was used to extract factors having eigenvalues more than 1 which left us with one component having actual eigenvalue of 2.180 having variance explaining capacity of 54.502 % which is satisfactory.

TABLE 6: Component Matrix : Commitment

Component Matrixa	
	Component 1
COMMITMENT : ADJUSTMENT : The bank makes adjustments to suit my needs	.747
COMMITMENT : PERSONALISED SERVICES : The bank offers personalised services to meet customers' needs	.698
COMMITMENT : FLEXIBILITY1 : The bank is flexible when its services are changed	.783
COMMITMENT : FLEXIBILITY2 : The bank is flexible in serving my needs	.722
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

Source: worked out by using the SPSS (version 20)using responses to questionnaire

The Component matrix above shows factor loadings against component 1 extracted earlier. All the loadings are significant as the values are more than 0.4. The order in which the customers considered the factors to be important is **Flexibility1, Adjustment, Flexibility2** and **Personalised Services.**

TABLE 7: Factor Analysis -Customer Loyalty

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.773
Bartlett's Test of Sphericity	Approx. Chi-Square	283.513
	Df	10
	p value	<0.001

Source: worked out by using the SPSS (version 20)based on responses to questionnaire

The value of KMO measure of Sampling Adequacy as shown in the table above for the variable **Customer**

Loyalty is 0.773 which is good hence factor Analysis is appropriate for this data.

The Bartlett's test of Sphericity tests the null hypothesis that original matrix is an identity matrix. The p-value for the variable **Customer Loyalty** is highly significant ($p<0.001$) and low enough to reject the null hypothesis. In other words there are relationships between the variables.

TABLE 8: Total variance explained : Customer Loyalty

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.393	47.869	47.869	2.393	47.869	47.869
2	.837	16.743	64.612			
3	.697	13.944	78.555			
4	.579	11.583	90.138			
5	.493	9.862	100.000			
Extraction Method: Principal Component Analysis.						

Source: worked out by using the SPSS (version 20)based on responses to questionnaire

The above table shows the eigenvalues associated with each factor which represents the variance explained by that particular linear component. SPSS was used to extract factors having eigenvalues more than 1 which left us with one component having actual eigenvalue of 2.393 having variance explaining capacity of 47.869% which is satisfactory.

TABLE 9: Component Matrix : Customer Loyalty

Component Matrixa	
	Component 1
Customer Loyalty : SATISFACTION:I am satisfied with the overall relationship that I have with my bank	.753
Customer Loyalty : PLEASANT EXPERIENCE:I have had a pleasant experience of working with my bank	.539
Customer Loyalty:RELATIONSHIP BENEFITS: I receive benefits due to my relationship with bank	.741
Customer Loyalty : BOND:I feel that I have a strong bond with my bank	.680
Customer Loyalty : COOPERATION:I always receive cooperation from the bank due to my relationship with the bank	.723
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

Source: worked out by using the SPSS (version 20)based on responses to questionnaire

The Component matrix above shows factor loadings against component 1 extracted earlier. All the loadings are significant as the values are more than 0.4. The order in which the customers considered the factors to be important is Satisfaction, Relationship Benefits, Cooperation, Bond and Experience.

The table below represents the result of Correlations between independent variables and dependent variable. The outcome (correlation and p value) reveals that the strength and significance of the relationship between individual Independent Variables (Trust, Commitment) and the Dependent Variable (Customer Loyalty). In other words the independent variables have a statistically significant relationship with the dependent variable individually as shown by the sig. value.

TABLE 10:Correlations between Independent and Dependent variables

Correlations		
		Customer Loyalty
Trust	Pearson Correlation	0.671
	p value	<0.001
Commitment	Pearson Correlation	0.567
	p value	<0.001

Source: worked out by using the SPSS (version 20)based on responses to questionnaire

The researcher motivated by the above findings tried to find out the regression equation between the independent and the dependent variable. The result of the Regression analysis is given below.

Table 11 : Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.680a	0.462	0.459	0.73584490

a. Predictors: (Constant), Commitment, Trust

Source: worked out by using the SPSS (version 20)based on responses to questionnaire

In the first table R2, also called the Coefficient of Determination measures the proportion of total variation of the Dependent Variable (CL) explained by the Independent Variables (Trust, and Commitment). In the current research the Independent Variables explain 45.9% of the total variation of Dependent Variable which can be considered as satisfactory.

Table 12

ANOVAa						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regres sion	143.686	2	71.843	132.682	<0.001b
	Resi dual	167.314	309	.541		
	Total	311.000	311			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Commitment, Trust

Source: worked out by using the SPSS (version 20)based on responses to questionnaire

In this table the focus is on F-statistic. The tool tests the null hypothesis that none of the Independent Variables (Trust and Commitment) help explain the variation in Dependent Variable (RMS). The p value ($p<0.001$) indicates that the F-statistic is large enough to reject the null hypothesis and accept the alternative hypothesis that the Independent Variables (Trust and Commitment) help explain the variation in Dependent Variable (CL).

Table 13

Coefficientsa						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Cons tant)	-1.606E -17	.042		.000	1.000
	Trust	.554	.062	.554	8.987	<0.001
	Commit ment	.159	.062	.159	2.588	0.010

a. Dependent Variable: Relationship Marketing Strategy

Source: worked out by using the SPSS (version 20)based on responses to questionnaire

The aforementioned table helps us determine whether the Independent Variables (Trust and Commitment) together have a statistically significant relationship with the Dependent Variable (CL) and the direction and strength of the relationship.

It is found that the Independent Variables trust and commitment are positively correlated with the Dependent Variable Customer Loyalty (CL). The regression equation is as follows

CL= -1.606E-017 + 0.554TRUST + 0.159 COMMITMENT

Further the following Hypothesis were tested

Relationship between independent variables and dependent variable (CL)

Ho1: There is no relationship between perceived Trust and CL in the selected banking branches in Burdwan district.

Ha1: There exists a relationship between perceived Trust and CL in selected banking branches in Burdwan district.

In case of the relationship between Trust and Customer Loyalty the p value ($p<0.001$) indicates that the Ho1 is rejected. In other words alternative Hypothesis Ha1 that,there exists a relationship between perceived Trust and CL in selected banking branches in Burdwan district is accepted.

Ho2: There is no relationship between perceived Commitment and CL in selected banking branches in Burdwan district

Ha2: There exists a relationship between perceived Commitment and CL in selected banking branches in Burdwan district

In case of the relationship between Commitment and Customer Loyalty the p value ($p<0.05$) indicates that the Original Hypothesis Ho2 is rejected. In other words the Alternative Hypothesis (Ha2) that there is relationship between perceived Commitment and CL in selected banking branches in Burdwan district is accepted.

Concluding Observations

The analysis of the empirical research carried out on the responses of the customers of selected banking branches of UCO Bank, United Bank of India and Allahabad Bank has helped the researcher draw the following conclusions:

- The sub-factors of trust (i.e Security of Transaction, Reliable Promise, Consistent Service, Respect of Customers, Fulfills Obligation, Confidence in Service) have significant influence on the sub-factors of Customer Loyalty (i.e Satisfaction, Pleasant Experience, Relationship Benefits, Bond, Co-operation).
- The sub-factors of commitment (i.e Adjustment, Personalised services, Flexibility1, Flexibility2) have significant influence on the sub-factors of Customer Loyalty (i.e Satisfaction, Pleasant Experience, Relationship Benefits, Bond, Co-operation).
- The order of importance of the sub-factors of Trust, as per the customers of the selected banking branches of the Kolkata based banks are Security of Transaction, Respect of customers, Reliable promise, Confidence service, Fulfills obligation, Consistency in Service.
- The order of importance of the sub-factors of Commitment, as per the customers of the selected banking branches of the Kolkata based banks are Flexibility1, Adjustments, Flexibility2, Personalised Services.
- The order of importance of the sub-factors of Customer Loyalty ,as per the customers of the selected banking branches of the Kolkata based banks are Satisfaction, Relationship Benefits, Co-operation, Bond, Pleasant experience.
- The independent variables (i.e trust, commitment,) have strong individual correlation with the dependent variable Customer Loyalty.
- The independent variables (i.e trust, commitment) individually help explain significant amount of variance of dependent variable, Customer Loyalty.

Suggestions

The researcher offers the following suggestions based on the empirical research carried out on the responses of the customers of selected banking branches of UCO Bank, United Bank of India and Allahabad Bank:

- Banks may concentrate more on trust while designing Relationship Marketing Strategies.
- Banks wishing to retain customers by developing trust may focus on factors like security of transaction, respect of customers, reliable promise, confidence, fulfills obligation, and consistency in service respectively.
- Banks wishing to retain customers by developing commitment may focus on flexibility, adjustment and personalized services respectively.

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Changing Face of Food Private Label and Category Management: The Significance of Customer Satisfaction and Loyalty.

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Abstract

Category management is a relevant process which drives the relationship between manufacturer and retailer. In the prevailing retail scenario where small and big player are striving to compose a differentiation uniquely associated with store image and store brand, category management is bonding grid. Category management is an effective way to utilize market data to help increase the sales. The purpose of this paper is to determine how category management in food private label can help in building store loyalty. A survey of shoppers measured attitudes toward individual stores' images and store brand perceptions, a regression analysis demonstrates a positive relationship between consumers' perceptions of individual store own brands and their associated store's image dimensions and attitudes toward store brands in general. The results of this study suggest that category management enhance customer satisfaction by focusing more on product availability, presentation and customer service rather than the price.

Key words: Category Management, Store Brand, Food Private Label, Customer Satisfaction and Store Loyalty.

Introduction

Category management is about consolidation and restructuring of the products available in the store. The Nielsen Co. has labeled it a process that involves managing product categories as business units and customizing them (on a store-by-store basis) to satisfy customer needs. The grocery industry, where the practice of category management began, originally defined it as the strategic management of product groups through trade partnerships that aims to maximize sales and profit by satisfying consumer and shopper needs. More recently, category management at its core has become a discipline that allows retailers to manage merchandise productivity through sales analytics. "Across retail channels and formats, category management is being used for more than simple management of shelf productivity. In today's retail scenario category management is responsible for driving store differentiation, shopping experience and store growth through higher-value trips and shoppers. Private brands which were only a small part of retailer merchandise have now occupied a significant pie of the shelve space. Food category exhibited a positive image of a brand differentiation in the customers mind and in turn enhancing the brand equity. Both in ready-to-eat categories which include, (biscuits snacks, juices etc.) and ready-to-cook categories (Atta, edible oil, noodles oats) has focused on factors that enhances the private label image.

Category management leading practices

Category Management is the core of the major trends transforming the entire retail management . Therefore, growing your brands requires that you master Category Management. This require both on and off floor activity information. Category management has benefitted the consumers through improved assortment, lower prices, reduced out of stocks and the ease of shopping. Sales is often the only indicator Indian retailers use to measure their performance and identify where to improve , whether that means allocating more space to a category, maintaining availability, or refocusing mangers on a specific product. For Indian retailer's strategic category management is key to reducing costs, increasing sales and improving profit margins all while keeping customers happy. The current trend followed in the category management is as follows.

Practice 1 - Growing retailer power: The retailer thinks and works at the category level.There are four key categories that dictates what products to offer customers and the best formats:

- Destination: Products that draws in customers and drive perception.
- Preferred: Products that moves profits and the bulk of sales.
- Occasional: Products those are needed, but not everyday.
- Convenience: Impulse purchase and added on sales.

Understanding these different categories and the roles they play allow category managers to make more tactical decisions about assortment, pricing, placement and promotions to propel store traffic and profitability.

For example, Destination products such as Atta, Breakfast cereals, noodles etc., in a super market are central to a stores success and traffic and therefore must have a complete assortment across all price points. The product pricing should be better than the competition in main areas, self-funded promotions should be used. Category Management is the foundation for category mastery.

Practice 2 - The growing importance of marketing to the shopper

Retailers develop their category management by taking into account consumers' wants and needs. Category management as a part of strategic marketing plans, provide a better focus for consumers and differentiate the retailer from its rivals. Retailers are the same as one another in their merchandise resources, colors, styles, assortments, and also usually prices and presentations. Just as the retail 'buyer' thinks in terms of categories, the shopper thinks in terms of need satisfaction. She thinks in 'need states'. That's why shoppers often write "detergent", "bleach" or "bread" on a shopping list instead of "Tide", "Clorox", or "Wonder". The category is the answer to the shopper's need. Therefore, to win with the shopper you must think category need satisfaction first. You must organize your thinking around categories and the particular evolving needs they satisfy.

Practice 3 - Big Data and insight generation

Marketers are drowning in an ever rising tsunami of data. No one can yet contain this torrent into pools of relevant data so that researchers may plumb the pool for actionable insights. Our answer is to organize the data around that which one is trying to understand, namely the shopper need state we refer to as the 'category'. Organizing big data around categories (need states) is basic to uncovering the following:

- Unmet needs, which are the basis for new product development
- The emotional factors driving a need (insight)
- The benefits that marketers need to offer
- The location of key communication touch points

Once you understand the factors driving attitudes, marketers can begin to influence behaviors through product or positioning breakthroughs or new communications approaches.

Private label and category management

In the last few years a number of studies have investigated the factors that lead to successful store brands. For example, Hoch and Banerji (1993) analyzed across-category differences in private label market share. They localized the drivers of store brand performance with the three parties that make up the retail channel: consumers, retailers and manufacturers. Raju, Sethuramen, and Dhar (1995) studied the factors that influence the retailer's decision to introduce a store brand into a category. They showed that:

(1) Store brands are more likely to be introduced into categories where price competition between the national brands is low (because margins will tend to be higher); and

(2) The number of national brands is high (which implies that introducing a store brand will have less impact on margins).

Private label products are seizing an increasing share of global retail sales on the back of both supermarket consolidation and an improved image. A private-label is a brand that a retailer generally manufactures or purchases from a third party manufacturer. In some cases, the retailer manufactures product as its own. Private label brands in India were almost insignificant till early 2000.With the passage of time and consolidation of retail sector, the private label brand is demanded by households due to various benefits. Retailers are therefore indulging in creation of new private label brands in order to compete with national and international brands of repute. Initially the private label was only available in the commodity or non-branded product range which included spices, grams, wheat flour, masalas, papads and other eatables. Now the private label brands have grown up and are available in high technology electronic gadgets like juicer, mixer, mobiles, TVs, water purifier and such. In a country like India, Private label helps customers to purchase good quality brand at a lower price and at a same time provides an assurance of quality and adequate performance. The loyalty with store has a positive association with private label brands. With increasing convenience, various retail formats are becoming prominent touch points for millions of Indian retail consumers. Taking hint from global retailers, Indian retailers are also looking for newer ways to increase their profit margins by introducing in-house brands and also developing niche strategies for promotion of these private label brands.

Literature review

Types of Brands

National or Manufacturer Brand

National brands are those product/service names that are promoted nationally, a brand that is marketed throughout a national market. It contrasts with regional and local brands. It usually is advertised and owned by a manufacturer.

Private Label Brand

As per the American Marketing Association, there are two ways of defining a private label brand.The first defines it as "a brand that is owned by the product's reseller rather than by its manufacturer. In rare instances, the reseller may be the manufacturer as well". The second form of definition is "a brand name or label name attached to or used in the marketing of a product other than by the product manufacturers, usually by a retailer."

Generic Brand

Generic brand is defined as "a product identifying the title for which there is no individual brand."

Private Label Brands: An Overview

Private labels were first introduced over 100 years ago in a few product categories like tea,and are now available in over 60% of all grocery products (Fitzell, 1982).According to the Food Marketing Institute of US, the percentage of grocery shoppers buying private labels increased from 37% in 1990 to 44% in 1991 (Holton, 1992). Incertain categories, consumers are giving less importance to brand names (Morgenson,1991). Kumar and Steenkamp (2007) report that private labels account for one of every five items sold every day in the US supermarkets and drug stores. The share of privatelabels in Europe is larger than the US markets with 40% of all grocery sales (SteenkampandDekimpe, 1997).Selling private label brands has the advantage of offering high gross margin in the range of 25%-50%, higher compared to the manufacturer brands (Keller, 1993). Corstjens and

Lal (2000), citing a report by Kurt and Salmon Associates, state that the store brands are on the threshold of an unprecedented surge of growth throughout all the retailing formats.

Private Label - Indian Scenario

The Indian retail scenario is undergoing a vast change with the entry of new players into the market each day. Leading retailers like Future Group, Reliance Retail, Aditya Birla Retail, etc. are betting big on private label brands across food and non-food items.According to the National Council of Applied Economic Research data for the year 2005,food constituted 49% of total expenses for Indian consumers. To tap this vast consumer spending, retail players are introducing private label brands in these categories that offer a better margin. Future Group, India's leading retailer, has the following brands in its private brand portfolio-Tasty Treat as private label in the category of food, snacks, etc.;Premium Harvest in the category of pulses and rice; and Fresh and Pure in the categoryof food and staples. Private label brands of Future Group contribute around 25% to the overall revenue generated from FMCG business. Similarly, Reliance Retail has also launched various private label brands in its stores. Brands like Reliance Select, RelianceValue, Healthy Life, Good Life, and Dairy Pure contribute over 25% of the total food sales.Another retailer, More, the retail arm of Aditya Birla Group, offers more than 300 private label SKUs in the store shelves. The portfolio includes brands like Feasters noodles, Fresh-O-Dent toothbrushes, etc.

Factors Moderating Sales of Private Label Brands

The sales of private label brands have been highly uneven in different product categories(Hoch and Banerji, 1993). According to a research report submitted in the 1990 by GallupUS, 85% of the consumers felt that quality is a very important determinant in their decision to purchase private label products, whereas 73% rated price as very important when it came to repeat purchase of private label brands in a retail store.The private label quality can be denoted in two dimensions. The first dimension is the mean level of quality, relative to that of national brands, which depends on the technology used in manufacturing. The second dimension is the variability in the quality of private label brands, which again depends on having reliable and low defect manufacturing (Hochand Banerji, 1993).For the first dimension, if the technology is inexpensive, private label brands can easily compete with the national brands, whereas if the technology is highly expensive and requires high processing sophistication, manufacturers only can compete through their dedicated expensive investments in technology. The second dimension of quality variability of private label brands depends on the ability of the retailer to offer private label products at the same level of quality in every batch of production. Hence, Hoch andBanerji (1993) concluded that private label brand shares are likely to be higher in product categories, where there is a chance of higher relative quality in national brand and lower variability in private label brands. Richardson et al. (1996)studied the consumer characteristics that lead to purchase of private label brands: demographic factors like income, family size, age and education;individual consumer characteristics like reliance on extrinsic cues and tolerance of ambiguity in the products; and finally consumers' perception of particular product categories, which includes the customers' knowledge of product category. Sethuraman and Cole (1999) undertook a study on the category level variations of theabove discussed dimensions, as the study done by Richardson et al. (1996) lacked the category level variations in these factors.They studied the category level variables like quality perception of private label brands,average price, purchase frequency and degree of consumption pleasure. Their study also included different perceptual variables like belief of price-quality relationship, familiarity with private label brands, etc. But Sethuraman and Cole (1997) did not study the perception of degree of perceived risk at category level.

Price Consciousness and Private Label

Price consciousness is defined as "the degree to which the consumer focuses exclusively on paying low prices" (Lichtenstein et al., 1993, p. 235). The price consciousness is an influencing factor in private label brand purchases (Burger and Schott, 1972) Gabor and Granger (1979) showed a relationship between price consciousness and income. The consumer's level of price consciousness rises with lower income and is higher for deal-prone consumers (Babakuset al., 1985).Narasimhan and Wilcox (1998) postulated that consumers prefer national brands to private label brands when the level of perceived risk in buying the private label brand in that category is high. One of the determinants of risk is the degree of inconvenience in making a mistake (Dunn et al., 1986; and Narasimhan and Wilcox, 1998).Batra and Sinha (2000) studied the role of 'search' and 'experience' attributes increating the risk perception in a particular product category. The hedonic attributes like taste, aroma, color and texture come under 'experience'qualities of a product (Nelson,1974), whereas, 'search' qualities are the qualities of a product that can be verified by direct inspection before purchase.Erdem and Swait (1998) argued that in the categories of product where 'experience' qualities are predominant, the brand equity reduces the perceived risk associated with the purchase.

Quality Aspects of Private Label Brands

Hoch and Banerji (1993) found evidence to support their claim that the perceived quality is more important than the level of price discount for the purchase decision of consumers. At equal prices, consumers preferred national brand to a private label brand (Narasimhanand Wilcox, 1998). This proves the perceived quality difference between a national brand and the private label brand, and the role of image-building advertising support. The competitiveness of a private label brand depends on the ability to offer anacceptable level of quality at a price lower than that of national brands. To compete with the national brands, retailers should focus on the quality of the private label brands rather than price. Corstjens and Lal (2000) divided retail consumers into two segments. First is represented by 'quality' segment, where the customers are greatly benefitted from the perceived quality, and the second segment is the low price segment. They proposed that by projecting store brand in the quality-conscious segment, a retailer can avoid brands witching by consumers. Bellizziet al. (1981) initially studied the perception of quality of private label brands and compared it with the perception of national brands, private label brands, and generic brands. The result showed that the private label brands were consistently rated lower than the national brands in the functions related to quality, appearance and attractiveness. On similar lines, Omar (1994) did a blind test on 'taste' quality and found that the consumers did not perceive any difference among the private label and national brands, but revealed that 'taste' test indicated a superior rating to national brands. Theory Building on Private Label Brands: A Literature Review of a such tests indicate a poor quality perception among consumers for private label brands. Cue utilization theory supports the use of sample to enhance the perceived quality (Sprott and Shimp, 2004). When customers use the free sample, it enables them to evaluate the product based on the intrinsic cues. Intrinsic cues are the product attributes,which when changed will result in change in the composition of the product itself. Extrinsic cues are the product attributes that can be changed without affecting the composition of the product like price, brand name, etc.But Richardson and Dick (1994) found that consumers' evaluation of store brand is driven by extrinsic cues that are displayed by the brands than the intrinsic cues.Another way to improve the perceived quality of private label brands is by increasing the advertising budget. It is found that consumers' perception of quality is directly affected by consumers' perception of brand's advertising expenditure (KirmaniandWright, 1989; and Kirmani, 1990). Narasimhan and Wilcox (1998) stated that private labels not supported by advertising can be supported by in-store merchandising by there tailers. In-store merchandising offers extrinsic cues to the consumers in their purchas edecisions.

'Category' Aspects of Private Label Brands

A common feeling among marketers is that when private labels are introduced in commodities like products with very few tangible differences among the competing brands,and there is a possibility of price-based brand switching, they capture higher market share in that category. (Stern,1966). Raju et al. (1995) highlighted the importance of distinguishing two types of competition-price competition among the national brands and the price competition between private label brands and national brands. They found that when the price competition between national brands is high, a retailer is better off not introducing a store brand in that category of product. When the cross price sensitivity between national brand and store brands is high and cross-price sensitivity amongst national brands is low, the store brands can gain more share. They have also identified that private labels, when introduced in a category with more national brands, leads to an increase in category profit.

Need for the study

Retailers are enhancing private labels in all categories. From the previous research studies, the major factors that determine private label purchase include price, quality and quality perceptions, product familiarity, value consciousness, store image and other store factors like in store promotions, shelf space allocation and visual merchandising. But this can vary depending on the categories. When we consider categories like breakfast cereals and snacks consumer preference can be influenced by multiple factors. For studying these factors we need to have a reliable and consistent questionnaire which can help us to look into these factors. This study also helps us to understand the consumer preference for private labels in food categories.

Objective of the study

In view of changing food and eating habits, the private label brands in food category is gaining acceptance,

1. To analsye the linkage between category management and loyalty towards the store brands.
2. To evaluate the factors of Category management that predicts store loyalty for food private label brands.

Hypothesis Testing

The hypothesis for the study is.

H0: There is no significant relationship between category management and store loyalty.

Ha: There is significant relationship between category management and store loyalty.

The study builds on and extends the existing literature on store brand and store loyalty. Corstjens and Lal (2000) argue that store brands can induce store loyalty only if the quality is high enough, so that the store brands can satisfy a significant portion of consumers trying the brand, thus serving as a "pull" device for the store. Cheap store brands that do not serve to differentiate the store will reinforce price competition among stores. Practitioners also suggest that greater store brand quality will lead to greater store loyalty and retailers continue to increase their offering of premium store brands (Deloitte 2010). An opposing viewpoint is that premium store brands are closer in quality and price to national brands. Hence unlike store brand loyalty to regular store brands, which may be driven by price sensitivity, premium store brand loyalty is less driven by price. If lower price drives the link between store brand loyalty and store loyalty, we would see a weaker (less positive) link between premium store brand loyalty and store loyalty. Thus, quality of store brands can accentuate or mitigate the effect of store brand loyalty on store loyalty. To answer this question, Category management in food private label has benefitted the consumers through improved assortment, lower prices, reduced out of stocks and the ease of shopping. Thus a need was felt to assess the relationship between category management and store loyalty. Which has resulted in H0.

Ha: There is significant relationship between Category management and store loyalty.

Cunningham (1961) first observed that households with high store loyalty are more loyal to store brands than those with low store loyalty. Richardson et al. (1996) discuss a framework for store brand proneness and use a cross-sectional survey to empirically test the role of several factors such as store brand familiarity, quality uncertainty, risk aversion and perceived value on store brand proneness. They argue about the role of store brand exclusivity in driving store loyalty, but do not test the hypothesis. Sudhir and Talukdar (2004) show empirical support for the store differentiation role of store brands based on an estimated positive linear relationship between store brand loyalty and store loyalty. To answer this question, we need to test the moderating effect of store brand as a category to serve as a store differentiator-to build store loyalty is the primary focus of this paper.

Suggested model for the study.

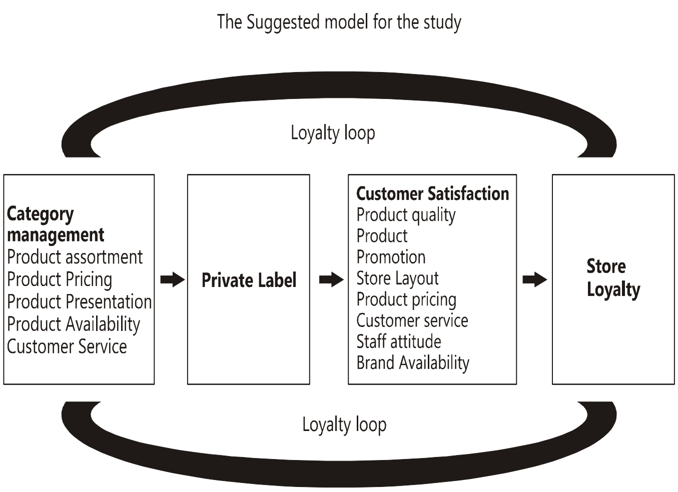

Figure 1. The loyalty loop connecting the category management and Store loyalty.

Methodology

The study was conducted among shoppers of big bazar, More and Reliance mart at Cochin (13outlets). In Cochin the survey was conducted partly in households and retail outlet located at MG Road. The study need to be conducted both in store and households to understand the consumer dynamics of private label preference. The reason is that consumer choices can change instantly based on the best offer and product available in retail outlets. More over in ready to cook and ready to eat are categories in which consumer's preference and perception can differ a lot especially when they do shopping at retail outlets.

Data Collection: The data collection was done using structured questionnaire which has 39 items which measured different factors that determine private label purchase in breakfast cereals and snacks.

Sample size: The total sample size of pilot study is 100 respondents.

Sampling Units: Individual Consumers are the sampling units.

Sampling Method: The sampling method employed is random sampling method.

This study is totally a survey based. The Consumers are in the age group of 20 to 50 years. The structured questionnaire was distributed to 100 respondents at More, Reliance and Big Bazaar (13 outlets) in Cochin city. The data was analysed using percentages, correlation and regression analysis. The literature reviews are done on the secondary information available in well-known article and publishers and internet.

Test of Hypothesis

Correlation between Category management and store loyalty

The hypothesis to test the correlation is as follows.

H0 : There is no significant relationship between Category management and Store loyalty.

Ha: There is significant relationship between Category management and Store loyalty.

Table showing Correlation between Category management and store loyalty

	Store loyalty	p-value
Category management	0.884**	0.000

** Correlation is significant at the 0.01 level (2-tailed)

The above Table shows the correlation between Category management and store loyalty. The correlation r = 0.884 is significant at 0.01 level. This means that there is 88.4% relationship between Category management and store loyalty.

From the above analysis it can be inferred that the null hypothesis is rejected and the alternate hypothesis is accepted.

To have a deeper understanding of the behaviour of Category management factors which are seven in number, their relationship (correlation) and impact (regression) on Store loyalty is analysed in the following paragraphs

Correlation between Category management factors and store loyalty

Category management factors	Store loyalty	p-value
Product assortment	0.466**	0.001
Product Availability	0.863**	0.000
Product Pricing	0.892**	0.000
Product presentation	0.871**	0.000
Product promotion	0.802**	0.000
Customer service	0.870**	0.000
Purchase intention	0.886**	0.000
** Correlation is significant at the 0.01 level (2-tailed)		

The above table shows the correlation (r - value) between category management factors and store loyalty at 0.01 level significance. Product pricing has the strongest relationship with Store loyalty (89.2%) followed by Purchase intention (88.6%), Product presentation (87.1%), Customer service (87%), Product availability (86.3%) and Product promotion (80.2%). Product assortment has a weak relationship with store loyalty (46.6%).

Regression analysis:

Table showing regression between Category management factors and store loyalty.

Model summary

Model	R	R square	Adjusted R square	Standard error of the estimate
1	0.884	0.721	0.817	2.37580

Predictor: (constant), Purchase intention, Product assortment, Product promotion, product presentation and layout, product availability, Customer service and Product pricing.

Dependent variable: Store loyalty

The above table shows that all the seven factors of Category management had an impact on store loyalty. The correlation value of 0.884 indicates the strength of the relationship between category management factors and store loyalty. The R2 value of 0.721 indicates that 72.1% of the changes in Store loyalty are due to all the factors of Category management.

Coefficients

Model	Unstandardised Co-efficient		Standardis-ed coefficient	t	Sig
	B	Standard error	Beta		
1 (Constant)	3.283	4.880		.673	.505
Product assortment	.195	.098	.162	1.992	.053
Product Availability	-.631	.422	-.511	-1.496	.142
Product Pricing	1.595	.605	1.198	2.637	.012
Product presentation	.367	.307	.231	1.196	.239
Product promotion	-.495	.353	-.352	-1.403	.168
Customer service	-.047	.397	-.040	-.118	.907
Purchase intention	.419	.463	.286	.906	.370

Dependent variable: Store loyalty

The above table shows that among the factors of category management, Product pricing alone had an impact on Store loyalty. The impact of Product pricing on Store loyalty is supported by the t - value (2.637) in the above Table.

The regression equation based on the above table is Y = a + bX

Career Satisfaction = 3.283 + 0.1.595 Product pricing.

According to the regression equation, Product pricing influences Store loyalty to the extent of1159.5%.

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regres sion	1270.955	7	181.565	32.167	.000a
	Residual	237.065	42	5.644		
	Total	1508.020	49			
Predictors: (Constant), Purchase intention, Product assortment, Product promotion, product presentation and layout, product availability, Customer service and Product pricing						
Dependent Variable: Store loyalty						

The above Table shows that the ANOVA test supports the impact of Product pricing on Store loyalty (F = 32.167, p<0.05).

Major finding:

- Product pricing alone had an impact on Store loyalty.
- Discount is the most influencing factor for the purchase of private label in food category, followed by quality of and the previous experience.
- There is 88.4 relationship between Category Management and Store loyalty.
- Product pricing is the factor of category management that predicts store loyalty in all the three stores.

Conclusion

Store brands are widely acknowledged as effective tools for retailers to increase profit margins and gain bargaining power with respect to manufacturers. Another rationale for retailers to invest in store brands is that store brands aid to create a point of differentiation and store loyalty (Richardson et al. 1996; Corstjens and Lal 2000).In this study the relationship between category management and store loyalty with regards to food private label brands. By testing the store brand, and store loyalty relationship, a robust positive relationship between store brand and store loyalty using data from multiple retailers and multiple sources, and providing controls for a variety of potentially spurious correlations. In the second test it is marked that the Product pricing has the strongest relationship with store loyalty (89.2%) followed by Purchase intention (88.6%), Product presentation (87.1%), Customer service (87%), Product availability (86.3%) and Product promotion (80.2%). Product assortment has a weak relationship with store loyalty (46.6%). The results also sets emphasis on the Category management factors and store loyalty all the seven factors of Category management (Purchase intention, Product assortment, Product promotion, product presentation and layout, product availability, Customer service and Product pricing) had an impact on store loyalty. The correlation value of 0.884 indicates the strength of the relationship between Category management factors and store loyalty. The R2 value of 0.721 indicates that 72.1% of the changes in Store loyalty are due to all the factors of Category management. We also demonstrate empirically that with our conceptually the factors influencing the purchase of food private label category, attributes to enhance the acceptance of private label brands. Customers have liking towards food private label products and they have intension to buy when private label are placed along with national brands, but it is necessary that the retailer should consistently provide value to the customer on the factor they regard high. This could enable the retailer to enjoy the benefit of customer satisfaction and store loyalty.

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A Study on Consumer Perception About Better-For-You Fruit Based Snacks in Kochi City

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Abstract

It is a known fact that globally, increased awareness and health concerns are drawing people towards healthier snacking options. Through an empirical study, the researcher tries to ascertain whether the trend towards Better-For-You snacks is also prevalent in Kerala's most consumerist city - Kochi. The study discusses the perceptions of consumers in Ernakulam District about Better-For-You traditional fruit snacks available in the market. For this purpose a representative sample of 410 respondents residing in Ernakulam District were surveyed by way of convenience sampling across four different regions within the district. The results show that there is a widespread readiness among snack-lovers in the district to accept healthier options, albeit paying a premium price and absence of branded players in the traditional fruit snack segment. However, it can be seen that consumers surveyed are not willing to compromise on Taste or Freshness (represented by crispiness) appeal of such snacks under the pretext of health and attention to packaging is perceived to be a solution for this. The existence of a latent need for such products is very evident from the overwhelming endorsement for the category by the surveyed consumers.

Keywords: BFY, Snacks, Consumer, Perception, Health

Introduction to study

It is estimated that 20% of all meal occasions are snacks, and the snacking category includes sweet and salty foods, raw fruits and vegetables, dried fruits, nuts, seeds, chips, crackers and granola, chocolate and muesli bars. Snack foods can often be an impulse purchase, but they are also a convenient and portable alternative for busy people on the go, for those that exercise or enjoy the outdoors and for school lunch boxes (Cronin,2014).

Kerala's proposal to levy a 14.5% "fat tax" on the burgers, tacos, sandwiches, doughnuts and pizzas sold in fast-food restaurants in the state came as a surprise to most people. "This is more of a preventive measure as Kerala's food habits are changing dramatically. People are eating a lot of junk food and rejecting traditional food," Kerala's finance minister T.M. Thomas Issac told BBC in an interview (BBC, 2015). The Kerala Government's move highlights the growing concerns over detrimental health effects of unhealthy snacking.

Snack foods market

The Indian snack food market was estimated at $3 billion (Rs13,950 crore) last year and nearly 85% of the salty snack market is comprised of potato chips. In this market, which is estimated at Rs.7,000 crore there are 5,000 players of which PepsiCo's and Haldiram Foods International Pvt. Ltd. are the market leaders in the branded segment. Brand Haldirams, is the largest brand by value in the Indian sweet and savouries market with an 18% share, according to Euromonitor International. According to data available with IMRB International, the western snacks market contracted by 1% in 2015, while the traditional snack market expanded 4%. This is an indication that more and more people are opting for the traditional way when it comes to choosing snacks (Vadakepat,2015).

BFY Snack Foods: (Better-For-You Snack foods)

The Better-For-You (BFY) snack category is gaining ground fast in an increasingly health-conscious world. Millennials have led the way in launching better-for-you snacks from a niche to mainstream market. This trend also percolates across generations with millennial moms buying more better-for-you snacks per month than any other generation. Some of the world's leading F&B firms such as PepsiCo are now also catering to the wellness (snacks) category. These include Vegetable and fruit chips (including chips that are not made from either potatoes or corn, including apple chips, banana chips, jackfruit chips, sweet potato chips, carrot chips). Today, consumers are much more educated and interested in ingredients of packaged foods they consume and are looking for snacking options with clean labels, no artificial colors and flavors, no preservatives, GMOs, trans fat or high fructose corn syrup among ingredient list. This psychographic trend is driving growth in the Better-For-You category. Buyers want to see organic, responsibly sourced, omega-3s, and environmentally friendly packaging promoted on a snack package in order to choose it over other packaged snacks. Additionally, certain nutrition labels have far more appeal to millennial consumers than other generations. Chief among them are dietary-related labels including gluten free, allergen free, and vegan (The Center for Generational Kinetics, 2017). According to the Organic Trade Association, organic snacking has grown by more than 15% per year since 2011, well ahead of the global organic market at 11%. According to the U.S. Snack World magazine, May 2013, consumer demand for healthy snacks was the highest at 6.4% annual sales growth, ahead of value and indulgence, while overall snack food volume fell by 0.5%. This highlights the current gaps and immense potential in the market for organic snacks (Dwyer,2003). However Euromonitor International indicates that, despite widespread and long-standing availability, reduced-fat sweet and savoury snacks account for just 5% of overall sweet and savoury snack value sales in North America in 2015 despite heavy investment and promotion. Clearly there are issues to be researched and addressed here (Mirosa and Lawson, 2011).

Fruit Snack

According to Euromonitor International, in the overall snack market, fruit snacks are among the best-performing categories in sweet and savoury snacks. By the end of 2014, on a global level, fruit snacks were projected to have made value gains of just over 5%, compared to regular chipsat 3% and 4% growth being recorded for tortilla/corn chips and extruded snacks (Velicova and Winkelhausen,2014).In Asia Pacific, fruit snacks are leading the pack with a 13% value increase in 2015, and in Latin America they top the growth charts with a deeply impressive 20%. The Indian market boasts of traditional fruit snacks prepared from fruits like banana and jackfruit (Howell ,2003).

The banana belonging to family Musaceae is an important fruit of the world, especially of the tropics. Though India is the second largest producer of banana, India's share in the global processed market is less than 2%, indicating its vast potential to emerge as a major exporter of banana (Obayopo and Taiwo, 2014). Additionally, post-harvest losses of banana are estimated to be more than 25% for India alone. Banana chips have been sold in all markets for a number of years and are imported in fairly large quantities.The Philippines is by far the most important supplier of banana chips, while dried bananas come mainly from Ecuador. Several other sources including Taiwan, India, Malaysia, South Africa, Venezuela and Colombia also sell dried bananas internationally(Kumar, K.P. & Sagar,V.,2010).

RESEARCH METHODOLOGY

Research Problem

There is a huge opportunity for the organised sector in the production and marketing of banana and jackfruit chips. Kerala produces around 3 lakh tonnes of banana and 60 tonnes of banana chips annually.

The market for banana and tapioca chips in Kerala is valued at Rs. 600 crore and Rs. 150 crore, respectively. As demand for these fruit based snacks keep growing outside Kerala and in West Asia, there is a decline in demand within the state and this calls for corrective steps including encouraging new players in the organised sector, enhancing research and development to innovate new products, creating brands and building a cost-effective model to increase distribution and reach. The hitherto cottage industry worth around Rs. 750 crore is in a changeover mode and is now getting a high-tech makeover (Joseph et al, 2010). Banana and jackfruit are becoming upscale as more branded snack food companies enter the market. Under threat from trendy brands like Groves, Lays and Bingo, the local industry is trying to make banana chips more appealing to the young generation. In an attempt to identify gaps in the consumer mindspace in the traditional snacks category, the researcher wishes to evaluate acceptance levels for an innovative product - de-oiled vacuum filled fruit snacks - among the target segment in Ernakulam District (Zhu et al, 2017).

Significance of Study

With consumers becoming increasingly wary of additives, allergens and chemicals in food and the effect on their health and that of their children, health food retailers are stocking more organic and whole food snacks.This study is of interest to retail giants which are concerned about farmer welfare, for wholesalers and retailers who have the potential to push indigenous products to the public, for consumer interest groups concerned about wellness of citizens and for policy makers who seek new initiatives that improve state of affairs through the State Horticulture Mission.

Research Objectives

The research question that this study seeks an answer to is: Is there a target market for de-oiled vacuum filled fruit chips in Ernakulam district? In line with this purpose, six specific research objectives are examined:

1) To understand snacking behavior of respondents from Ernakulam
2) To examine the factors influencing purchase of traditional snacks within Ernakulam
3) To understand extent of demographic influence on snacking behavior in Ernakulam
4) To understand extent of demographic influence on perception of de-oiled fruit chips
5) To evaluate customer perceptions about de-oiled vacuum filled fruit chips
6) To understand purchase intention within the market for de-oiled fruit chips

Research Methodology

In pursuance of the above objectives, the following methodology was adopted for conducting the study.

Population and Sample.

The population in this study entails the entire population of Ernakulam district which is 33 lakh.

Sample size estimation

According to the statistical formula applicable for sample size estimation for finite populations, the final sample size has been computed as shown below. For a normal distribution, the sample size, n is given by the formula

$$n = \frac{Nx}{((N-1)E^2 + x)}$$

where N = population size

where $x = Z\left(\frac{c}{100}\right)^2 r(100-r)$

where r = response distribution

where $Z\left(\frac{c}{100}\right)$ = critical value for confidence level c

Given that this researcher proposes to estimate sample size for a population size of 33,00,000 individuals at 95% confidence level, with a 5% margin of error and expects a response distribution of 50%, sample size is calculated as follows:

$$x = (1.96)^2(50)(100-50) = 9604$$

Therefore sample size, $n = \frac{3300000 \times 9604}{[(3300000-1)5^2 + 9604]} = 384$

In order to make conclusive inferences, the minimum sample size required is 384. The research team has set the final sample size at 410 respondents.

Sampling procedure

Convenience sampling was adopted for sample selection. The respondents were chosen by way of convenience sampling at four Aditya Birla Group owned MORE supermarket outlets in different commercial belts of Ernakulam district.

Data Collection Procedure

Data collection was done by administration of personal intercept surveys using a structured questionnaire from a sample of 410 respondents within Ernakulam district.

DATA ANALYSIS

The demographic and behavioural profile of the survey respondents has been mapped in order to ascertain the sample characteristics and to demonstrate that the sample possesses the desired population traits. This is to make sure that the chosen sample characteristics can be safely extrapolated to the population.

Profiling of Respondent

The population in this study entails the entire population of Ernakulam district which is 33 lakh. In adopting sample size determination techniques for finite population, a sample size of 385 is required. However, the research team was able to collect responses from an effective sample of 410 individuals. The respondents were chosen by way of convenience sampling at four Aditya Birla Group owned MORE supermarket outlets in commercial belts of Ernakulam district.

Personal Profile of Respondents

The personal profile of the respondents is detailed in Table 1.1 and Table 1.2

Table 1.1: Personal Profile of Respondents

Criteria	Category	Number of respondents	Percentage
Gender	Male	182	44.4
	Female	228	55.6
		410	100%
Marital status	Married	341	83.2
	Single	69	16.8
		410	100%
Household Type	Nuclear family	378	92.2
	Joint/Extended	32	7.8
		410	100%
Household Size	1 to 3	185	45.1
	4 to 6	217	52.9
	7 to 10	8	2
		410	100%
Religion practiced	Christian	176	42.9
	Hindu	182	44.4
	Muslim	52	12.7
		410	100%

Table 1.2.: Age distribution of respondents(in years)

Distribution Parameter: Age of respondent (in years)	
Mean	41.83
Standard Deviation	12.622
Range	61
Minimum	20
Maximum	81
Skewness	0.553

Source: Primary data

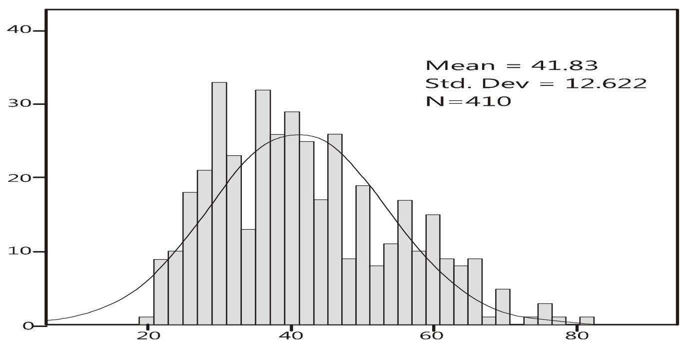


Figure 1.1: Histogram showing Age distribution of Respondents

The distribution of the sample based on gender is even with around 44.4 percent of the respondents being male while 55.6 percent being female. The mean age of the sample is 41.83 years with the range and standard deviation being in line with the expected values of 61 and 12.622 respectively. The respondent age appears to follow a fairly normal distribution, as skewness of 0.553 is well within acceptable range as seen in Figure 1.1. This is a positive indicator of the randomness of the sample selection. Majority of the respondents are married (83.2%) and belong to nuclear households (92.2%) comprising upto 6 members in total. The highest proportion of respondents belong to Hindu community (44.4%), followed closely by 42.9% from Christian denominations and 12.7% from Muslim faith.

Professional Profile of Respondents

Tables 1.3 describes the professional qualification of the respondents.

Table 1.3: Professional profile of Respondents

Criteria	Category	Number of respondents	Percentage
Occupa tion	Unemployed	63	15.4
	Salaried	176	43
	Self-employed	138	33.7
	Retired	33	8
		410	100%
Monthly household income (in INR)	Up to 60,000	191	46.6
	60,001-1,00,000	142	34.6
	1,00,001-2,00,000	54	13.2
	>2,00,000	23	5.6
		410	100%
Education Qualifi cation	Post Graduate (General)	102	24.9
	Professional degree	73	17.8
	College graduate	177	43.2
	High School / Diploma	58	14.1
		410	100%

Source: Primary data

We can see that majority of the respondents are highly educated with 18% having professional qualifications like B-Tech, M-Tech, MBA, MD, CA etc. and 25% having regular post graduate degrees. Majority of the respondents belong to the Socio-economic classification of Upper Middle Class going by the monthly household income with 53.4% belonging to Households earning in excess of Rs.60000 per month. Majority of the respondents (43%) have a steady income source by way of salaries closely followed by 34% enterprising respondents belonging to the self-employed category. The professional description of the sample appears to match the desired profile of the premium customers who are likely to purchase a costlier variant of fruit chips for its health benefits.

Behavioral Profile of Respondents

This section tries to profile respondents based on their approach to snacking and general snacking behaviour. Profile details are listed below in Table 1.4.

Table 1.4: Behavioral Profile of Respondents

Criteria	Category	Number of respondents	Percentage
Frequency of snacking	More than once a week	175	42.7
	Few times a month	148	36.1
	Occasion based	87	21.2
		410	100%
Deterrant to snacking	Health issues	31	13.19
	Health conscious	118	50.21
	Price of snacks	28	11.92
	Poor Quality of Snacks	58	24.68
		235	100%

Source: Primary data

From Table 1.4, it can be deciphered that a large chunk of respondents (78.8%) feast on local snacks regularly. Just 21.2% respondents use occasions only for having snacks. Of the 410 respondents, the individuals who do not have local snacks on a daily basis were asked about the factors which inhibit/deter them from having snacks daily. Of the 235 responses received, over 50% individuals attribute their reluctance to being health conscious. The next most popular response supported by 25% individuals was the poor quality of snacks in the market (particularly the reuse of oil in frying). Both these aspects point to a gap in the market for local snacks. These points are supportive of the market potential for a healthier snack option.

Respondent estimate of Preferred Price for De-oiled Vaccuum filled Fruit chips

An attempt was made to gain customer insights into the selling price for The Better-For-You snack options as this is a critical measure of market viability for any product. Table 1.5 summarises the findings from the survey.

Table 1.5 : Respondent estimate of Best Price for De-oiled fruit chips per 200 gm pack

Distribution Parameter: Best price of de-oiled fruit chips/200 gms	
Mean	Rs. 95.63
Standard Deviation	Rs. 21.95
Minimum price	Rs. 50
Maximum price	Rs. 195
Range	Rs. 145
Skewness	1.006 (Right skewed)

Source: Primary data

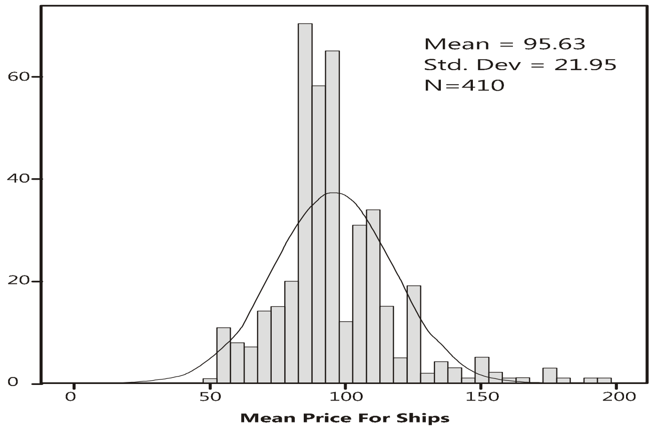


Figure 1.2: Histogram showing Preferred Price distribution of De-oiled fruit chips

From Table 1.5 and Fig 1.2, we can say that the most preferred price for the new product is Rs.96 per 200 gm pack as against a market price of Rs.75 for the regular chips. The product is likely to find a good market if it is priced at an average of Rs.96 with a standard deviation of +Rs.21. The price distribution is seen to be right skewed indicating that most of the respondents prefer prices less than or equal to Rs.96. Pricing above Rs.96 may not make much business sense in the market at the moment.

Analysis of Ranked Data:

Ordinal data in the questionnaire was analysed using Friedman Rank Test. This test is the non-parametric alternative to the one-way ANOVA with repeated measures. In other words, it is used to test for differences between groups when the dependent variable being measured is ordinal.

Respondent Ranking of various attributes of Local snacks according to preference

In order to get an idea about consumer preferences among various attributes of local snacks all 410 respondents were asked to rank their preferences in local snacks for various attributes across 7 categories. The mean ranks have been calculated using Friedman Test and the results have been tabulated and presented in Table 1.6. A lower mean rank is indicative of higher preference.

Table 1.6: Friedman Rank Test for Respondent Ranking of various Attributes of Local Snacks

Factor	Mean Rank	df	Chi-Square value	p-value
Taste of Snack	2.50			
Freshness of Snack	2.78			
Ingredients in Snack	3.76			
Price of Snack	4.05			
Health Aspect of Snack	2.79			
Availability of Snack	5.80	6	1221.457	.000
Manufacturer/ retailer brand name	6.33			

Source: Primary data

Here Friedmans Chi-square has a value of 1221.457 and a p value of 0.000 and is statistically significant at 95% confidence level.?2(6, N= 410) = 1221.457, p<0.05. Hence we reject the null hypothesis that the distribution in the ranks of attributes is the same and conclude that the distribution of the attribute scores is different. That is, there is a significant difference in the rankings of the various attributes. This means that for de-oiled chips to be preferred in the market, highest priority must be given to Taste which has the lowest mean rank followed by Freshness and Promise of Health to the consumer. Price and Brand name do not assume much importance for the consumer. The fact that availability is not ranked very high indicates that the consumer is willing to travel the whole distance to buy such a product as long as it rates high on taste, freshness and it is perceived to be a healthier alternative.

Test of Association

The Chi-square test of independence was undertaken to determine whether there is a significant association between chosen categorical parameters in the study.

Association between frequency of snack consumption and Age of respondent

The nature of association between frequency of consuming local snacks and Age of respondent is detailed in Table 1.7(a) and Fig. 1.3 and the extent of association in Table 1.7(b).

Table 1.7(a):Relationship between frequency of snack consumption and Age of respondent

Frequency of snacking		Age of respondent <35 years	36-45 years	46-60 years	>60 years	Total
More than once a week	Count %	46 11.2%	67 16.3%	32 7.8%	13 3.2%	158 38.5%
Few times a month	Count %	24 5.9%	74 18%	37 9%	13 3.2%	148 36.1%
Occasion based	Count %	22 5.4%	43 10.5%	27 6.6%	12 2.9%	104 25.4%
Total	Count %	92 22.4%	184 44.9%	96 23.4%	38 9.3%	410 100%

Table 1.7 (b): Chi-Square Tests of Independence

Method	χ^2 Value	p value
Pearson Chi-Square	9.059	0.170

Source: Primary data

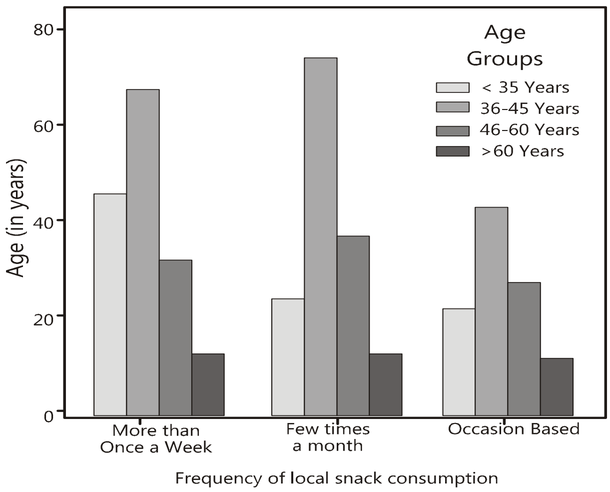


Figure 1.3: Histogram showing Frequency of Snacking and Age distribution of Respondents

Table 1.7(a) and Fig 1.3 shows that consumption of local snacks is very prevalent among Kochiites with almost 75% of respondents reporting consumption several times a month. The most heavy consumers of local snacks are middle aged people (those aged between 36 to 45 years) with this category contributing most heavily in the terms of both weekly and monthly consumption (16% and 18% respectively). However, Chi-square test from Table 1.7(b) indicates that this association is not significant at the 5% level ($p>0.05$). Hence it can be inferred that consumption of local snacks in Ernakulam district is rampant across all age groups irrespective of age.

Association between frequency of local snack consumption and HH income of respondent

The nature of association between snacking frequency and Household income of respondent is detailed in Table 1.8(a) and Fig.1.4. and the strength of association in Table 1.8(b).

Table 1.8(a): Relationship between frequency of snack consumption and HH Income

Frequency of snacking		Monthly HH Income (INR) <INR 60000	INR 60001-100000	INR 100001-200000	>INR 200000	Total
More than once a week	Count %	74 18%	52 12.7%	24 5.9%	8 2%	158 38.5%
Few times a month	Count %	67 16.3%	54 13.2%	16 3.9%	11 2.7%	148 36.1%
Occasion based	Count %	50 12.2%	36 8.8%	14 3.4%	4 1%	104 25.4%
Total	Count %	191 46.6%	142 34.6%	54 13.2%	23 5.6%	410 100%

Table 1.8 (b): Chi-Square Tests of Independence

Method	χ^2 Value	ϕ	p value
Pearson Chi-Square	3.048		0.000
Phi coefficient (ϕ)		0.803	

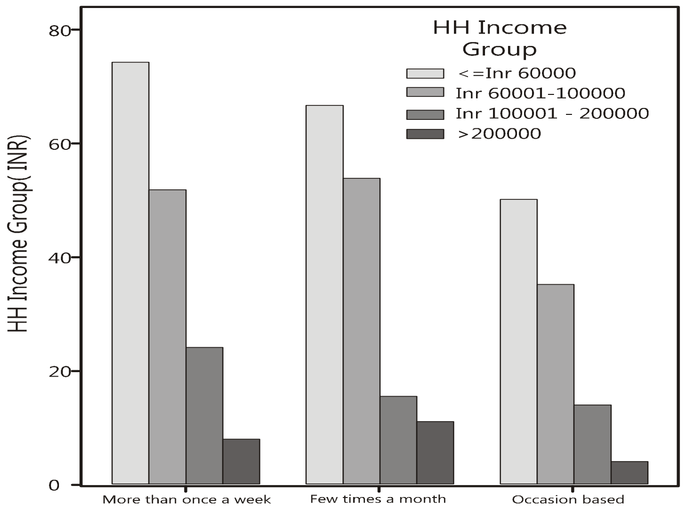


Figure 1.4: Histogram showing Frequency of Snacking HH Income Of Respondents

Table 1.8 (b):Chi-Square Tests of Independence

Method	χ^2 Value	p value
Pearson Chi-Square	12.048	0.000

Source: Primary data

From Table 1.8(a) and Fig. 1.4 we can say that frequency of local snack consumption steadily declines with increase in HH income. This could be attributable to the preference for 'exotic' snacks by richer households due to which they could be shunning local/traditional snack varieties. From Table 1.8(b), it can be said that the relationship between frequency of local snack consumption and HH income is significant at 95% confidence level ($p<0.05$). This supports the hypothesis that level of consumption of local snacks is closely connected to HH income.

Association between frequency of snack consumption and Gender of respondent

The nature of association between frequency of consuming local snacks and Gender of respondent is detailed in Table 1.9(a) and the extent of association in Table 1.9(b).

Table 1.9(a): Relationship between frequency of snack consumption and Gender of respondent

Frequency of snacking		Gender: Male	Female	Total
More than once a week	Count	67	91	158
	%	16.3%	22.2%	38.5%
Few times a month	Count	66	82	148
	%	16.1%	20%	36.1%
Occasion based	Count	49	55	104
	%	12%	13.4%	25.4%
Total	Count	182	228	410
	%	44.4%	55.6%	100%

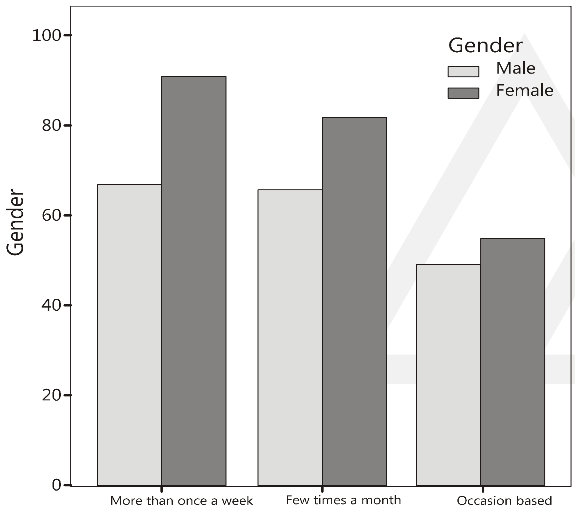


Figure 1.5: Histogram showing Frequency of Snacking and Gender of Respondents

Table 1.9 (b): Chi-Square Tests of Independence

Method	χ^2 Value	p value
Pearson Chi-Square	0.568	0.753

Source: Primary data

From Table 1.9(a) and Fig.1.5, we can see that frequency of traditional snack consumption is more among females than males. However, from Table 1.9(b), the relationship is not found to be significant at 95% level of confidence. Hence we can say that local snacks are consumed similarly across both gender groups. It is worth noticing that the difference in the consumption pattern between male and female groups closes in when it comes to occasion-based snacking (1.4% difference).

Association between frequency of snack consumption and religion of respondent

The nature of association between snacking frequency and Religion of respondent is detailed in Table 1.10(a) and Fig.1.6. and the extent of association in Table 1.10(b).

Table 1.10(a): Relationship between frequency of snack consumption and Religion of respondent

Frequency of snacking		Religion: Christian	Hindu	Muslim	Total
More than once a week	Count	60	78	20	158
	%	14.6%	19%	4.9%	38.5%
Few times a month	Count	63	71	14	148
	%	15.4%	17.3%	3.4%	36.1%
Occasion based	Count	53	33	18	104
	%	12.9%	8%	4.4%	25.4%
Total	Count	176	182	52	410
	%	42.9%	44.4%	12.7%	100%

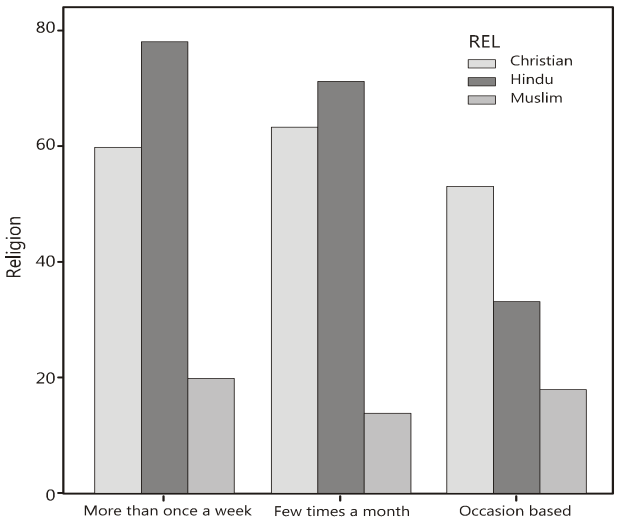


Figure 1.6: Histogram showing Frequency of Snacking and Religion of Respondents

Table 1.10 (b): Chi-Square Tests of Independence

Method	χ^2 Value	p value
Pearson Chi-Square	10.502	0.033

Source: Primary data

From Table 1.10(a) and Fig 1.6, we can say that frequency of consuming local snacks is highest among Hindus compared to Muslims and Christians. Christians take the lead when it comes to Occasion-based snacking with 13% of the 25% respondents who restrict local snack consumption to special occasions being Christians. Table 1.10(b) establishes the significance of the relationship between frequency of snacking and religion with a p value <0.05. Hence we can confidently say that religion is significantly associated with snacking habits.

Tests of Difference:

In this section, it was tested to find if there is a variation in perception of de-oiled vacuum filled fruit-based chips across different demographic groups (namely gender, age, marital status, HH income, religion, education, occupation). The difference in perception of the de-oiled chips with respect to Gender and Marital status is tested using independent samples t-test and One-way ANOVA is used to test for significant differences due to all other demographic influences.

Independent samples t-test

The independent-samples t-test compares the means between two unrelated groups on the same continuous, dependent variable. Here, independent samples t-test is performed to test if there is a significant difference in overall perception about de-oiled chips based on gender and marital status and the results are presented in Table 1.11.

Table 1.11:Variation in respondent perception about de-oiled chips based on gender, marital status

Dependent Variable	Independent Variable	Categories	N	Mean	SD	t Value	df	Sig.
Overall perception	Gender	Male	182	36.63	3.092	0.188	408	.851 Not Significant
		Female	228	36.58	2.613			
Overall perception	Marital Status	Married	341	36.58	2.854	0.299	408	.996 Not Significant
		Single	69	36.70	2.740			

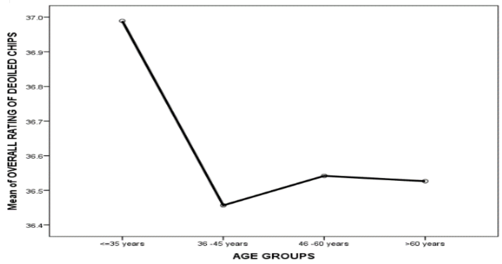
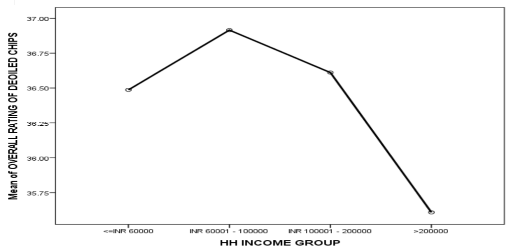
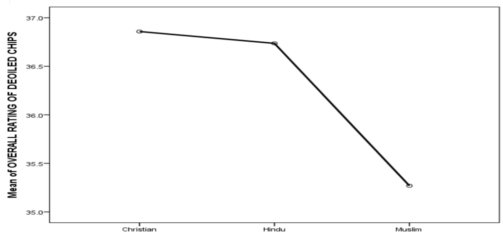
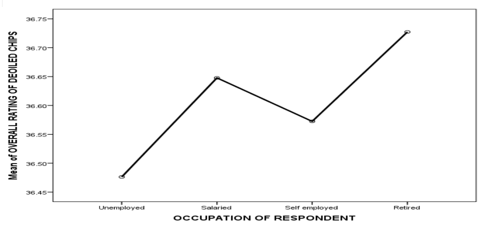
Source: Primary data

An independent samples t-test revealed that the group means were not significantly different for both demographic factors namely gender and marital status. The difference in means of both groups were very minimal (0.05 for Gender in favour of Males and 0.12 for Marital status with single respondents leading the way).

One-way ANOVA

Analysis of Variance (ANOVA) is performed to test whether the difference in means from more than two groups is statistically significant. Here, one-way ANOVA is performed to test if there is a difference in overall customer perception about de-oiled chips based on age, monthly household income, religion and occupation of the respondent. The results are shown in Table 1.12.

Table 1.12.: Variation inPerception across age, household income, religion, occupation

Dependent Variable	Independent Variable	Categories	N	Mean	SD	Sig.	Means Plot
Overall Perception about De-oiled Fruit chips	Age	= 35 years	92	36.99	3.051	0.519 p >0.05 Not Significant	
		36-45 years	184	36.46	2.659		
		46 - 60 years	96	36.54	2.839		
		>60 years	38	36.53	3.100		
	Monthly Household Income(`)	<INR 60000	191	36.45	2.471	.048 p <0.05 Significant	
		INR 60000-100000	142	36.98	2.835		
		INR 100001-200000	54	36.51	3.322		
		>200000	23	35.01	4.065		
	Religion	Christian	176	36.96	2.725	.001 p <0.05 Significant	
		Hindu	182	36.84	2.648		
		Muslim	52	35.07	3.442		
	Occupation	Unemployed	63	36.48	2.285	0.969 p>0.05 Not significant	
		Salaried	176	36.65	2.831		
		Self employed	138	36.57	3.035		
		Retired	33	36.73	3.013		

From the Table 1.12, it can be seen that there is a statistically significant effect of monthly household income with rich households earning over INR 200000 (M= 35.01, SD=4.065) rating the product lower than other income groups. Specific feedback was taken from these groups to identify reasons for the same and the responses have been enumerated in the Suggestions and Recommendations sections. There is also a statistically significant effect of religion, with Muslims (M=35.07, SD=3.442) rating the de-oiled chip samples lower than Christians (M=36.96, SD=2.725) and Hindus (M=36.84, SD=2.648).This means that firms marketing such products can ignore these segments (Muslims and very rich households) in their initial marketing efforts. Hence it can be concluded that at least one of the group means is significantly different from the others in each of the two cases.It is possible to conduct a post hoc follow-up test to determine which means differ significantly from each other but that is beyond the scope of this study and hence omitted.The interaction between perception and variables ageand occupation is not significant.

Test of Comparison and Correlation:

Relative correlation

Correlation analysis was performed to examine the contribution of various product attributes to overall consumer perception scores for de-oiled fruit chips and the results are listed in Table 1.13.

Table 1.13: Relative correlation of product attributes with Overall perception score of product

Attribute considered	**Perception Score**
Appearance	0.741*
Crispiness	0.771*
Sweetness	0.620*
Freshness	0.644*
Taste/Flavor	0.828*
Size/Dimensions	0.423*
Aroma	0.670*
Color	0.487*
Brand name	0.454*

Source: Primary data *p<0.05

The data in Table 1.13 reveals that every factor/ attribute considered is significantly correlated with the overall scores of perception about de-oiled chips. The highestcorrelation is between taste ($r = 0.828$, $p<0.05$) and perception followed by crispiness ($r = 0.771$, $p<0.05$). The correlation figures are moderate when it comes to size, colour and brand name.

Dichotomous comparison

An attempt has been made to compare customer expectations from fruit chips on various parameters and Performance of De-oiled chip options in the market on these specified parameters. The objective is to identify the specific attributes that fall below and those that fall above customer expectation levels from the product category 'fruit chips'. These results in Table 1.14 will give marketers an idea about areas where improvement is required.

Table 1.14: Comparison of Customer expectation from category & Actual Product performance

CUSTOMER EXPECTATION FROM CATEGORY					ACTUAL PRODUCT PERFORMANCE				
	Mean	Range	SD	Skew		Mean	Range	SD	Skew
Appearance	3.94	4	0.750	-1.093	Appearance	4.07	4	0.517	-1.615
Crispiness	4.27	4	0.586	-1.013	Crispiness	4.18	3	0.472	-0.177
Sweetness	3.76	6	1.112	-1.030	Sweetness	4.29	4	0.652	-1.485
Freshness	4.53	4	0.630	-1.715	Freshness	4.23	4	0.557	-1.085
Taste	4.50	4	0.619	-1.641	Taste	4.17	3	0.588	-1.068
Size	3.60	4	1.073	-1.115	Size	3.97	4	0.636	-1.218
Aroma	3.64	4	0.949	-1.446	Aroma	3.44	4	1.076	-1.074
Colour	3.64	4	0.944	-1.193	Colour	3.90	4	0.688	-1.245
Brand	4.78	3	0.510	-1.264	Brand	4.36	4	0.603	-1.102
Overall rating	36.65	21	3.863	-0.724	Overall Rating	36.60	18	2.832	-0.507

Source: Primary data

From Table 1.14,we can see that the de-oiled fruit chips falls short on customer expectations in the areas of Crispiness, Freshness feel, Taste, Aroma and Brand name. The product falls slightly below expectations at an overall level also but that difference is negligible.

However, when considering the skewness values of various attributes under perception of de-oiled fruit chips, it can be seen that the distribution is entirely negatively skewed which is a positive indication that majority of the responses fall on the higher end of the scale. This means that in absolute terms, respondents tend to rate the performance of de-oiled chips highly. It is when comparing with certain expected levels of crispiness, freshness, taste and aroma that the brand falls slightly behind.

Predictive analysis using linear regression:

It is imperative to understand the factors which can predict consumer buying behavior. The studyattempted to explore the extent of influence of multiple predictor variables (namely Age of respondent, Price of chips and Overall rating of de-oiled fruit chip options) on consumer purchase decision of the product.Multiple regression was performed to investigate the role of factors like Price, Overall rating of de-oiled chips and Age of respondent in influencing final purchase decision of the product. Preliminary analyses was conducted to ensure no violations of normality, linearity and multicollinearity among the factors. All VIF values were less than 10 and standardized residual values were within acceptable range.

Table 1.15: Multiple regression table

	R	R2	B	B	Sig. level
Model	0.474	0.225			
Price of chips			0.13	0.004	0.003
Perception of chips			0.43	0.108	0.000
Age of buyer			-0.124	-0.007	0.004

Source: Primary data

From Table 1.15, we can see that the three variables together measured 23% of the variance in buying decision. In the final model, all three predictor variables were statistically significant with consumer perception of de-oiled chips recording higher β value (β=0.430) than price of de-oiled chips (β = 0.133). This means that people will buy de-oiled fruit-based chips if the overall perception is good, and the influence of price factor is only secondary. The role of age of respondent in purchase decision was also significant but the relationship was found to be negative (β = -0.124).This means that higher the age, lesser is the likelihood of buying de-oiled chips at the given best price of Rs.95.6 per 200 gm packet. Hence we can say that purchase decision of de-oiled chips is influenced strongly by perception and moderately influenced by Price of the product and age of the buyer.

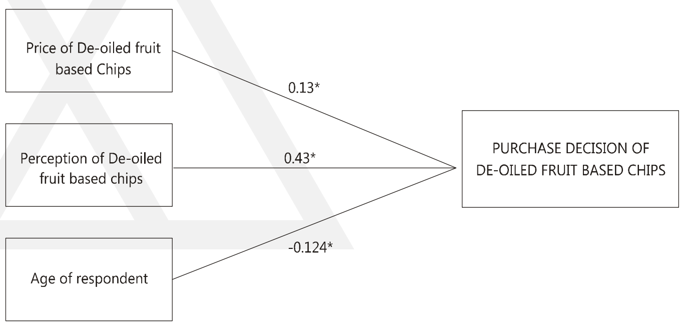


Figure 1.7: Factor Structure for Purchase decision of De-oiled Fruit chips

Fig 1.7 presents the path analysis for purchase decision of De-oiled Fruit chips in the present scenario. It can be said that 13% of the respondent purchase decision is influenced by Price, 43% by consumer perception of the product and 12% is explained by the factor Age of buyer. It is worth noting that purchase decision is negatively correlated with age. This means that the lower the age of the buyer, the higher is the possibility to buy the product. Another interesting point is that price is no match for promise of good health. All these relationships are significant at the 95% confidence level.

Percentage Analysis:

Respondent Purchase Intention for De-Oiled Fruit Chips

Table 1.16: Likelihood for Respondent Purchase and Recommendation of the Product

Criteria	Category	Number of respondents	Percentage
Buy	Will not buy	21	5.1
	Will buy	246	60.0
	Will buy for sure	143	34.9
		410	100%
Recommend	Will not recommend	27	6.6
	Will recommend	241	58.8
	Will recommend for sure	142	34.6
		410	100%

Source: Primary data

In concluding the analysis, it is worth noting in Table 1.16 that over 94 percent respondents expressed willingness to buy de-oiled chips and 93% said they will recommend such a healthy option to their family and friends.

FINDINGS AND SUGGESTIONS

Representativeness of Sample

From **Table 1.2 and Fig.1.1**, it can be inferred that the sample is representative of the population. The mean age of the sample follows a normal distribution with skewness being within acceptable range, an indicator of the randomness in the sampling process. From **Table 1.1,** it can be seen that gender-wise distribution of the sample is also fairly even with 44% and 56% representation of males and females.

Further insights can be obtained about the representativeness of the sample from **Table 1.3.** The fact that more than half the respondents belong to upper middle income households earning in excess of Rs.60000 per month and more than 85% respondents have college degrees shows that the chosen respondents may be suitable target market for premium products marketed on a health platform. Over 75% respondents are part of the working population and can be viewed as having purchasing power by themselves.

As far as snacking behavior is concerned, almost 80% respondents are avid consumers of traditional snacks not limiting themselves to special occasions (See **Table 1.4).** Of the people who indulge in limited snacking, over 50% have attributed it to being health conscious by nature and 25% have concerns about the quality of local snacks available. Both these aspects present a huge business opportunity for marketers to enter the market offering a healthier alternative in the traditional snacking segment.

Consumer Preference among various Attributes in Traditional Snacks

In **Table 1.6,** majority of respondents have ranked taste as the most important attribute in purchase of local snacks. The second highest priority is given to freshness feel (described as bite, smell or crispiness) of local snacks and coming in at third place is the health aspect of snacks. The fact that there is a significant difference in the rankings of the various attributes (p value<0.05) shows that the respondents rate each of the attributes differently. Price and Brand name do not assume much importance for the consumer. The fact that availability is not ranked very high indicates that the consumer is willing to travel the whole distance to buy the product as long as it rates high on taste, freshness and it is perceived to be a healthier alternative. It maybe recommended that innovative marketers can price the product at a premium and still find buyers if the other three aspects of taste, freshness and health is guaranteed.

Demographic influences on Respondents Consumption of Local snacks

Table 1.7(a) and **Fig 1.3** shows that consumption of local snacks is very prevalent among Kochiites with almost 75% of respondents reporting consumption several times a month. Hence it can be inferred that consumption of local snacks in Ernakulam district is rampant across all age groups. The most heavy consumers of local snacks are middle aged people (those aged between 36 to 45 years) with this category contributing most heavily in the terms of both weekly and monthly consumption (16% and 18%) but the Chi-square test results indicate that this inference maybe just by chance and needs to be probed further.

From **Table 1.8(a)** and **Fig. 1.4** we can say that frequency of local snack consumption steadily declines with increase in HH income. This could be attributable to the preference for 'exotic' snacks by richer households due to which they could be shunning local/traditional snack varieties. The significance of the Chi-square test in **Table 1.8(b)** supports the hypothesis that level of consumption of local snacks is closely connected to HH income. Marketers need to try and change perceptions about local snacks among the rich households if it has to penetrate this lucrative segment. This perceptual change can be achieved by using the health platform to differentiate the product to override this 'local' tag. As far as gender influence is concerned, local snacks are consumed similarly across both gender groups **[Table 1.9(a) and (b).]**

From **Table 1.10(a)** and **Fig 1.6,** we can say religion is significantly associated with consumption of local snacks. Frequency of consuming local snacks is highest among Hindus compared to Muslims and Christians. Christians take the lead when it comes to occasion-based snacking with 13% of the 25% respondents who restrict local snack consumption to special occasions being Christians.

To summarise, it may be inferred that marketers of BFY snacks needs to initially focus on middle class households while working on changing the 'uncool' perception of 'traditional' snacks among the rich. Consumers belonging to Hindu faith are soft targets for 'traditional snacks' and festival seasons appear to be a good time to target Christian communities.

Relevance of Chosen Attributes for Generating Overall Perception Scale for De-oiled Fruit Chips

From **Table 1.13.** we can see that the 9 attributes chosen by the research team for assessing Consumer Perception about the test-marketed product are all strongly correlated to the construct being studied. Of all attributes, taste, crispiness and appearance are strongly correlated to overall perception scores of de-oiled Fruit chips. Reiterating the earlier observation, marketers in this business need to focus on Taste, crispiness and appearance to strike a chord with the consumers. It maybe useful to note that Brand name is only moderate correlated with perception scores. This goes to say that, at the end of the day, it is not brand name that drives this product category, but the taste and quality that can be guaranteed to the consumer.

Respondent Estimate of Price of Test Marketed Product and its Relevance

From **Table 1.5** and **Fig.1.2,** it is clear that the most preferred price for the new product is Rs.96 per 200 gm pack as against a market price of Rs.75 per 200 gm for the regular fruit chip variants of banana and jackfruit. The price distribution is seen to be right skewed indicating that most of the respondents prefer prices less than or equal to Rs.96. This could indicate that penetration pricing maybe opted at introduction stage of the Product Life Cycle and pricing above Rs.96 may not make much business sense for the time being. Once a brand equity has been established, it could make sense to price higher targeting the discerning consumer.

Demographic Influence on Overall Perception of De-Oiled Fruit Chips

From **Table 1.11** and **Table 1.12,** it can be inferred that respondent perception about de-oiled fruit chips does not vary based on gender, marital status, age or occupation. The product appears to have the same appeal across all these demographic groups. However, there seems to be a statistically significant effect of monthly household income with rich households earning over INR 200000 rating the product lower than other income groups. There is also a statistically significant effect of religion, with Muslims rating de-oiled chips lower than their counterparts from other religious denominations. This means that marketers can ignore these segments (Muslims and very rich households) in their initial marketing efforts and undertake specific research to identify and address their concerns about the product.

Comparison of Respondent Expectations from Fruit Chip Variants and Performance of such Products in the Market

In **Table 1.14,** the researchers have compared customer expectations from Fruit-based chips on various parameters against Performance of De-oiled fruit chips on these specified parameters. This gives an idea to the company about the product parameters which need to be improvised upon. Here, we can see that the current brands fall short on performance expectations in the areas of Crispiness, Freshness feel, Taste, Aroma and Brand name. However, the good news is that at an overall perspective, even though the product falls slightly below expectations, that difference is negligible. This means, with some focus on fail points, such a healthier, innovative product can certainly be a hit among consumers in Ernakulam. The other good news from the skewness estimates of **Table 1.14** is that in absolute terms, respondents tend to rate the performance of de-oiled fruit chips highly. It is when comparing with traditional fruit chips that the healthier variants fall slightly behind.

The overwhelmingly common comments pertaining to taste are that the de-oiled variants leave a raw taste behind and sticks to the teeth when chewing. As a result, crispiness and freshness are compromised. The other observation regarding taste is excessive sweetness which may be balanced with a pinch of salt. Comments pertaining to colour and chip dimensions were all positive. The aroma of traditional chips was observed to be missing but most consumers looked at that in a positive light as it validated the absence/near absence of oil.

Factors Influencing Consumer Purchase Decision of De-oiled Fruit Chips

The extent of influence of multiple predictor variables (namely Age of respondent, Price of chips and Overall rating of de-oiled chips) on consumer purchase decision of the product is studied in **Table 1.15.** Multiple regression was performed to investigate the role of various factors like Price, Overall rating of de-oiled fruit chips and Age of respondent in influencing final purchase decision of the product.

Fig.1.7 show that 13% of the respondent purchase decision is influenced by price, 43% by consumer perception of the product and 12% is explained by the factor Age of buyer. This means that people will buy de-oiled chips if the overall perception is good, and the influence of price factor is only secondary. It is worth noting that purchase decision is negatively correlated with age. This means that the lower the age of the buyer, the higher is the possibility to buy the product and vice versa. It maybe helpful for decision makers to note that price is no match for promise of good health.

General Outcome of the Perception Survey

The concluding remarks of the perception survey are endearing as can be seen in **Table 1.16.** At the end of the study, over 94 percent respondents surveyed expressed willingness to buy de-oiled fruit chips and 93% said they will recommend a healthier product such as this to their family and friends. This is a positive stroke for marketers planning for such innovative product launches. A little more focus on areas of improvement in the current products can surely garner such BFY brand of fruit snacks good market acceptance.

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Response of the Indian Pharma Sector to Economic Policy Uncertainty Shocks

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Abstract

This paper analyses the impact of monthly changes in EPU index of India (constructed by Baker, Bloom and Davis in 2012) on the BSE Healthcare Index returns that is representative and consists primarily of the pharma sector stocks. Impulse Response Analysis is carried out to determine the response of BSE Healthcare Index returns to the shocks in the EPU Index.

The paper has the objective to find out if there is a causal relationship between EPU index and the returns on the BSE Healthcare Index. The results show that there is evidence of a causal relationship between EPU index and the returns on BSE Healthcare Index as seen from the results of the Granger Causality tests and the Impulse Response Function analysis.

Keywords: *Economic Policy Uncertainty, Granger Causality, Impulse Response, Robust Regression, Causal, Vector Autoregression, Co-integration*

Introduction

As per a report by Price Waterhouse Coopers, India's pharma sector ranks fourth in terms of volume of sales with a share of 8% in global sales. If this were not enough, it produces 20-24% of the globe's generic drugs. These statistics draw the attention towards the promising healthcare sector in India.

Economic policy uncertainty (EPU) has shown to adversely affect economic growth and slows down investment flow. Pindyck (1990) has stated that investments are largely irreversible and therefore firms would hold investment decisions unless they foresee stability and credibility in terms of state policy. Hermes and Lensink (2001) on the other hand have found that policy uncertainty encourages domestic investors to withdraw their investments from the domestic market and invest in foreign markets leading to accelerated capital flight. Given these findings, if Indian pharma sector has to grow as expected, it is imperative to ensure a stable policy climate so that the investments, both domestic and foreign keep flowing into the sector.

The paper has the objective to find out if there is a causal relationship between EPU index and the returns on the BSE Healthcare Index. This paper analyses the impact of monthly changes in EPU index of India (constructed by Baker, Bloom and Davis in 2012) on the BSE Healthcare Index returns that is representative and consists primarily of the pharma sector stocks. Impulse Response Analysis is carried out to determine the response of BSE Healthcare Index returns to the shocks in the EPU Index. Also the relationship between BSE Healthcare Index returns and the EPU Index is tested when mediated by MSCI India Value Weighted Index returns that are representative of the Indian stock market. Value weighted index is used to avoid the inefficiencies of market-cap weighting, since such an index is regularly rebalanced to weigh heavily those stocks that are trading at large discounts to market values, unlike the market cap indices that heavily weigh the expensive stocks.

Data and Methodology

The monthly data analysed spans the period from May 2008 until April 2017. The EPU Index values are sourced from www.policyuncertainty.com, the BSE Healthcare Index values from www.bseindia .com and the MSCI India Value Weighted Index valuesfrom www.msci.com.

Vector Autoregression (VAR) analysis is carried out using a system of equations outlined below on the three variables - BSE_Healthcare Index returns (**BSE_Health**) representative of the pharma sector, first differenced EPU Index values (diffEPU) and MSCI India Value Weighted Index returns (**MSCI**). Later, the impulse response functions of BSE_Health to the impulses from diffEPU are determined.

$$R\_BSE\_Health_t = C1 + \sum_{i=1}^{n} \alpha_i \Delta EPU_{t-i} + \sum_{i=1}^{n} \beta_i R\_MSCI_{t-i} + \sum_{i=1}^{n} \gamma_i R\_BSE\_Health_{t-i} + \varepsilon_t$$

$$\Delta EPU_t = C2 + \sum_{i=1}^{n} \alpha_i \Delta EPU_{t-i} + \sum_{i=1}^{n} \beta_i R\_MSCI_{t-i} + \sum_{i=1}^{n} \gamma_i R\_BSE\_Health_{t-i} + \varepsilon_t$$

$$R\_MSCI_t = C3 + \sum_{i=1}^{n} \alpha_i \Delta EPU_{t-i} + \sum_{i=1}^{n} \beta_i R\_MSCI_{t-i} + \sum_{i=1}^{n} \gamma_i R\_BSE\_Health_{t-i} + \varepsilon_t$$

$R\_BSE\_Health_t$= Returns on BSE_Health values in month t

$R\_BSE\_Health_{t-I}$ = Returns on BSE_Health values in month t -i

ΔEPU_t = diffEPU values in month t

ΔEPU_{t-i}= diffEPU values in month t -i

R_MSCI_t= Returns on MSCI values in month t

R_MSCI_{t-I} = Returns on MSCI values in month t-i

α_i, $\beta_i$and γ_i= estimators

Granger Causality tests are carried out to determine if the changes in diffEPU granger cause changes in BSE_Health and if changes in MSCI granger cause changes in BSE_Health.

Additionally, robust regressions are run to determine the effect of diffEPU on BSE_Health returns and the mediating effect of MSCI returns. Robust regression techniques provide estimators that ignore the effect of outliers and present estimates that are more representative of the sample data.

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Analysis and Results

Before proceeding with the VAR analysis, the Augmented Dickey Fuller test was conducted on each of the three variables and the results are in Table 1. As per the results, all the three variables are found to be stationary.

A Vector Autoregression (VAR) analysis was performed on the 3 variables - BSE_Health, diffEPU and MSCI. Before proceeding with the analysis, the optimal lag was selected using the Schwarz's Information criterion (SC), Akaike Information criterion (AIC) and Hannan-Quin Information criterion (HQ). All the three tests suggested one lag to be used as optimal.

Next, the Johansen test was run to check for any co-integrating relationships between the variables. Table 7 reports the results and the low p-value indicate that the null hypothesis of no co-integration can be rejected. Therefore, there is co-integration amongst the variables that indicates long run equilibrium. In this case, a Vector Error Correction Model (VECM) as reported in Table 8 was estimated.

The VECM was used to generate the Orthogonal Impulse Response Function (IRF) as detailed in Table 3 and plotted as seen in Figure 1. The IRF is orthogonalised as the underlying shocks are less likely to occur in isolation but rather as contemporaneous correlation between the components of the error process of the variables involved. diffEPU is the impulse variable and BSE_Health is the response variable. As seen in Table 3 from the coefficients, BSE_Health negatively responds to shocks in diffEPU in second, fourth, fifth, sixth, seventh, eighth, ninth, tenth and eleventh months. This indicates the inverse nature of relationship between BSE_Health and diffEPU.

The correlation between the three variables is reported in Table 2. The Granger Causality tests reported in Table 4 show that the null hypothesis can be rejected at 1% significance level (p-value = 0.008652) and it can hence be stated that diffEPU granger causes BSE_Health which reinforces the results of IRF in Table 3. Therefore policy uncertainty has a bearing on the BSE Healthcare Index and a reduced EPU index can boost the values of the healthcare index. Also when it comes to MSCI and BSE_Health, the null hypothesis cannot be rejected as the p-value is high at 0.2516. Therefore, MSCI does not granger cause BSE_Health. This signifies that the first differenced EPU Index values are more helpful to forecast the BSE Healthcare Index returns as compared to the returns on MSCI India Value Weighted Index.

Further, Robust Regression was carried out, the results of which are outlined in Tables 5 and 6. Robust Regression techniques reduce the impact of outliers (that are assigned very low weights) and thereby provide estimators that are more representative of the sample data. The regression results in Table 5 show that diffEPU negatively affects BSE_Health and the diffEPU co-efficient -0.0002 holds with 11% significance level. Also, when mediated by MSCI, the relationship between diffEPU and BSE_Health becomes insignificant. As seen in Table 6, the results of equation BSE_Health ~ diffEPU + MSCI, show that the coefficient of diffEPU is insignificant with a very high p-value. The coefficient of MSCI is significant and positively affects BSE_Health.The results of Robust Regression are contrary to those of the Granger Causality tests. This gives credence to the statement that regression analysis does not necessarily imply a causal relationship between the variables. Both the Granger Causality tests and the IRF analysis reinforce the relationship between the returns on BSE Healthcare Index and the first differenced EPU Index values.

Table 1: Augmented Dickey-Fuller Test
Critical Values

Variable	T-statistic	1%	5%	10%	H0	Conclusion
diffEPU	-9.718	-3.46	-2.88	-2.57	The series is non-stationary	reject null at 1% significance level
BSE_Health	-3.0946	-3.46	-2.88	-2.57	The series is non-stationary	reject null at 5% significance level
MSCI	-7.4428	-3.46	-2.88	-2.57	The series is non-stationary	reject null at 1% Significance level

Table 2: Correlations

Variable	diffEPU	BSE_Health	MSCI
diffEPU	1.00	-0.07	-0.37
BSE_Health	-0.07	1.00	0.52
MSCI	-0.37	0.52	1.00

Table 3 : The Orthogonal Impulse Response Functions of BSE_Health returns to shocks in diffEPU

Horizon (In months)	**Impulse response coefficients**	**Lower Band**	**Upper Band**
1	0.00000	0.00000	0.00000
2	-0.01577	-0.02551	-0.00265
3	0.00293	-0.01163	0.01578
4	-0.00724	-0.01441	0.00171
5	-0.00523	-0.01454	0.00310
6	-0.00469	-0.01335	0.00381
7	-0.00493	-0.01332	0.00412
8	-0.00507	-0.01416	0.00316
9	-0.00495	-0.01372	0.00358
10	-0.00497	-0.01354	0.00361
11	-0.00498	-0.01378	0.00342

Table 4: Granger Causality Tests

0: diffEPU do not Granger-cause BSE_Health
F-Test = 7.0273, df1 = 1, df2 = 206, p-value = 0.008652

H0: MSCI do not Granger-cause BSE_Health
F-Test = 1.3216, df1 = 1, df2 = 206, p-value = 0.2516

Table 5: Robust Regression Results

BSE_Health ~ diffEPU

	Coefficient	Std. Error	t value	p-value
Intercept	0.0164	0.0048	3.392	0.0009
diffEPU	-0.0002	0.0001	-1.629	0.1063

Table 6: Robust Regression Results

BSE_Health ~ diffEPU + MSCI

	Coefficient	Std. Error	t value	p-value
Intercept	0.014	0.0041	3.438	0.0008
diffEPU	6.16E-06	0.0001	0.059	0.953
MSCI	0.3507	0.0515	6.81	6.49E-10

Table 7: Johansen Test Results

Levels of Significance

No. of Co-integrating Relationships	Test Statistic	10%	5%	1%	p-value
r <= 2	36.8	10.49	12.25	16.26	0.001
r <= 1	87.15	22.76	25.32	30.45	0.001
r = 0	172.4	39.06	42.44	48.45	0.001

Table 8: Vector Error Correction Model

Co-integrating Vector			
	BSE_Health	diffEPU	MSCI
r1	1	5.91E-17	-0.9806
r2	0	1.00E+00	41.8557
Coefficients of Equations:	ECT1	ECT2	Intercept
BSE_Health-1			
Equation BSE_Health	-0.1258(0.1484)	-0.0002(0.0003)	0.0010(0.0066) -0.3935(0.1280)**
Equation diffEPU	-190.7287(84.4287)*	-1.6302(0.1710)***	0.6830(3.7769) 82.6694(72.8094)
Equation MSCI	1.0028(0.2028)***	-0.0006(0.0004)	-0.0090(0.0091) -0.3185(0.1749).
	diffEPU -1	MSCI -1	
Equation BSE_Health	-0.0002(0.0002)	-0.0597(0.1010)	
Equation diffEPU	0.2496(0.1015)*	-50.8710(57.4990)	
Equation MSCI	-2e-05(0.0002)	-0.0011(0.1381)	

Note: ***, **, * indicate significance at the 1%, 5% and 10% levels.

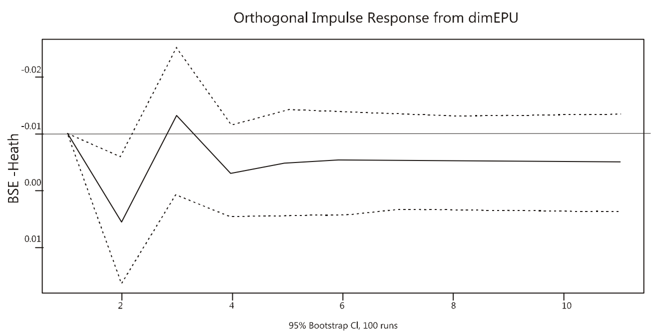

Figure 1

Conclusion

It can be concluded that there is evidence of a causal relationship between EPU index and the returns on BSE Healthcare Index as seen from the results of the Granger Causality tests. Also this negative relationship is reinforced from the Impulse Response Analysis carried out after constructing the Vector Error

Correction Model (VECM). This is evidence to show that the state of the Indian pharma sector indicated by the BSE Healthcare index depends on a stable economic policy climate in India.

The results of the Robust Regression have been found to be contrary to that of the Granger Causality tests. One can conclude from this that the regression analysis does not necessarily imply a causal relationship between the variables, in this case EPU Index and returns on BSE Healthcare Index. This paper provides evidence to show that Granger Causality test coupled with the Impulse Response Function (IRF) analysis can be effectively used to test for presence of a causal relationship provided it is validated by supporting theory.

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An Empirical Study on the Stakeholders Support on Rural Tourism and Sustainable Growth in Community Business -A Case Study of Karaikudi, Tamilnadu, India

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Abstract

This study tests the impact of stakeholders opinions about the impacts of tourism development and community participation and further to determine their willingness to support rural tourism and marketing strategies for sustainable growth of business using Structural Equation Modeling (SEM). The social exchange theory and stakeholders theory provide the theoretical background for this study.The study is descriptive in nature, and is based on both quantitative methodology to investigate the relationships between different constructs. The research study used survey questionnaires for quantitative data collection. The study area is a rural tourism spot Karaikudi, Sivaganga District in Tamilnadu, India. Convenience and quota sampling methods were adapted to collect quantitative data from different tourism stakeholders such as government authorities, businesses, residents, tourism faculty and students. The sample size is 320. The data was then analyzed using the statistical package SPSS and model was tested using SEM.The research shows some statistical positive relationship between tourism development impacts people may experience, their desire for more participation in the decision-making process and tourism support. The result helps the rural tourism planners, governments and support organizations in other areas to better evaluate and understand the stakeholders' attitude and perceptions before implementing the project.

Keywords: Rural Tourism, Tourism Developmental Impacts, Community Participation, Tourism Support, Structural Equation Modeling (SEM).

Introduction

Identification of stakeholders' involvement in destination tourism planning and development, as well as the factors that might influence their level of involvement, is not only important for tourism destination planners, but also the host community's support for destination tourism development and competitive strategies. Tourism destinations need to plan their development strategies and actions to succeed internationally and gain a competitive advantage (Dowling, 1993; Riege & Perry, 2000; Ritchie, 1993; Yuksel et al., 1999). Places that do not develop strategic planning of their destinations can suffer from economic, social, and environmental problems, as well as a decline in their competitiveness as a tourism destination (Dowling, 1993).

Rural tourism is a vital means of developing employment and income, can assist social and economic development of rural communities (Sharpley, 2001). The development of strong platform around the concept of rural tourism is definitely useful for a country like India, where almost 74% of the population sites in it 0.7 million villages (Ministry of Tourism, Government of India). Each village has its own distinctive performing arts and handicrafts, the customs and traditions, colorful festivals, cuisine as well as different cultures and historical heritage. The project is being implemented at 31 rural locations in 20 states with community participation through NGO or Panchayat Partners, District Collectors as focal points and specialized stakeholders.

This study was approached from the tourism stakeholders' perspective about support for rural tourism destination competitiveness. Their perceptions, attitudes and behaviors in terms of tourism were assessed in this study.The model was tested using Structural Equation Modeling(SEM).

Literature Review

Rural Tourism

Negrusa et al., (2007) defines rural tourism as that form of tourism offered by people from rural areas, with accommodation on small-scale and with the implication of important components of their rural activities and customs of life. According to Roy A. Cook et al., (2007), tourism should be blended with the environment and the local culture of an area. Tourism should evolve from the area's natural and historical/cultural attractions. According to Garcia Ramon et al. (1995), tourism would be the 'saver' to improve the quality of life in the countryside and slow down the rural migration especially in less developed regions. Tourism would generate additional income for farm and rural families and create new jobs, lead to the stabilization of the rural economy, provide support to existing business and services, and contribute to creating new ones.

Theoretical Background of Tourism Theories

The Social Exchange Theory

The social exchange theory explains how people react to and support tourism development (Ap, 1992; Jurowski et al., 1997; Perdue et al., 1990; Yoon et al., 1999, 2000). Most of the studies have focused on how residents assess the benefits and costs of tourism development and have explained residents' support for future tourism development in particular region based on their evaluations of the benefits and costs of tourism (e.g. Jurowski et al., 1997; Yoon et al., 2000). Social exchange theory can be applied to residents' attitudes on the basis that residents seek various benefits in exchange for what they are able to offer to different tourism agencies, such as resources provided to tourism developers, tour operators, and tourists; support for tourism development; and being tolerable towards the negative impacts created by tourism(Teye et al. 2002).

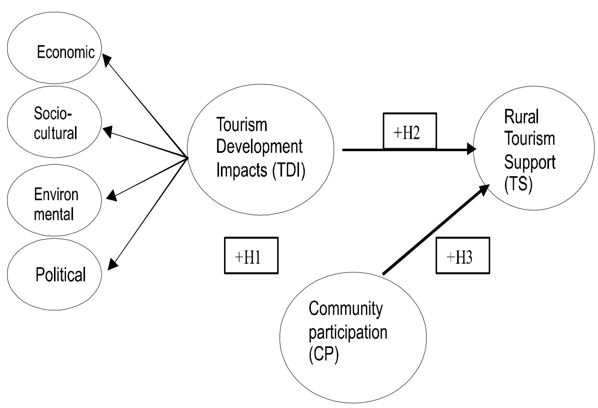
Stakeholder Theory

Loannides (2001) applied a stakeholder framework concept to analyze varying stakeholder attitudes toward tourism and sustainable development at different stages of destination development. Stakeholder identification and involvement has been recognized as a key step toward achieving partnerships and collaboration within tourism in the studies of both Jamal and Getz (2000) and Bramwell (1999). The application of Stakeholder theory to tourism so far has been mostly superficial, with the exception of Hary and Beeton(2001) who applied Stakeholder theory to identify stakeholder groups and understand their perceptions of sustainable tourism.

Research Methodolagy

The stakeholders' perceptions, opinions, and demographic attributes were collected from both secondary and primary sources to resolve the research problem. The study is explanatory and descriptive in nature, and is based on both quantitative and qualitative analysis to investigate the relationships between tourism development impact factors (economic, socio-cultural, political, environmental), community participation (stakeholders' perceived power), and in turn the support of stakeholders for rural tourism competitive strategies.

The Conceptual Framework and Hypothesis



Source: Developed for this research with parts from Jurowski et al. (1997) and Yoon (2002)

Figure 1: The initial conceptual framework for Rural Tourism Support

Objectives of the Study

To find the impact of tourism development and community participation on tourism support.

Research Hypotheses

H1: There is a relationship between tourism development impacts (economic, social-cultural, environmental and political,) and the community participation.

H2: There is a relationship between tourism development impacts (economic, social-cultural, environmental and political,) and the support for rural destination competitive strategies.

H3: There is a relationship between community participation and the support for rural destination competitive strategies.

Research Design

The study is explanatory and descriptive in nature. The quantitative analysis was used to investigate the relationships between tourism development impact factors (economic, socio-cultural, political, and environmental), community participation (stakeholders' perceived power) and in turn the support for rural tourism destination competitive strategies.

Study Population

The objective of this study was to investigate Karaikudi's tourism stakeholders' perceptions, attitudes, and behavior toward tourism and its development, the population of this study was tourism stakeholders. In particular, the target population includes members or groups that are related or are not related to tourism activities in the state Tamilnadu and in Karaikudi. Examples include state and local government officials, tourism, local tourism agencies, private businesses, residents, tourists and tourism faculties and students (researchers).

Sample Size

The research proposed to supply the instrument to 365 respondents in which only 320 respondents were willing to turn back with fully filled questionnaire. Therefore the response rate was 87%.

Sampling Technique

Convenience and quota sampling methods were adapted methods from identified and independent sample frames to collect quantitative data from the respondents.

Data Collection

This study utilized a self-administered survey method and face-to-face interviews personally administered surveys with the selected tourism stakeholders in Karaikudi. However, prior to collecting the main data for the study, a pilot study was conducted to test the measurement.

Measurement Scales and Research Instrument

For this study, the survey was divided into six parts: a) the socio-demographic items b) tourism development impacts to measure the perceived impacts of tourism development, c) community participation, to measure the stakeholder' perceived power d) support for tourism e) overall community satisfaction, and f) tourist opinion. . The rating method, with a 5-point Likert scale (ranging from 1=strongly disagree to 5=strongly agree, 1=strongly oppose and 5=strongly support) was used for the measurement of perceived tourism development impacts, community participation (stakeholders' perceived power) and support for competitiveness strategies.

Data Analysis

The statistical analyses were done using SPSS 16 and the conceptual model was tested using (Analysis of Moment Structures) AMOS.

STRUCTURAL MODEL FOR TOURISM SUPPORT

The Structural model consists of three exogenous variables: Economic impacts, socio-cultural impacts, and political impacts (Tourism development impacts), and two endogenous variables community participation and Support for tourism destination (Figure 2).The exogenous variable Environmental impact has been eliminated in Confirmatory Factor Analysis (CFA), since it has no major impact on

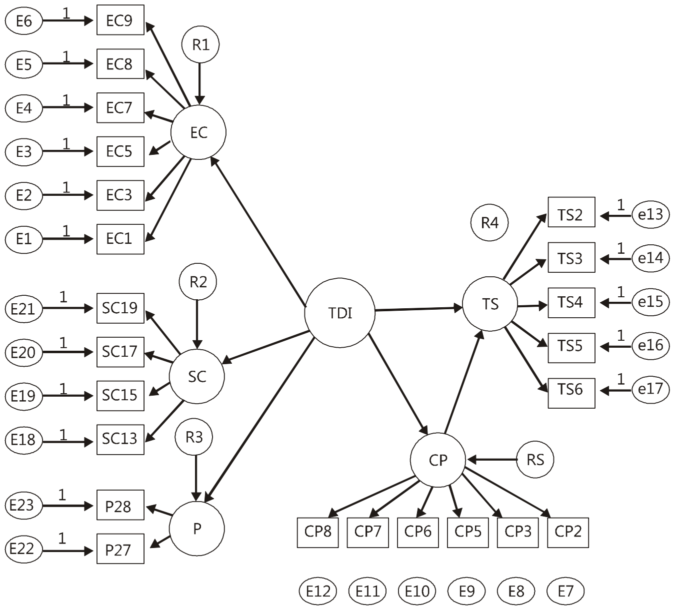
Tourism Development. The goodness-of-fit statistics for the structural model produced reasonable results, as shown in Table 2. The results of the structural equation modeling indicate an adequate model fit to the data.

In summary, the examinations of the absolute fit statistics indices suggested that the hypothesized model represented a mediocre fitting model to the data. The result of AGFI for this study is close to 1.00 and it is within the acceptable level of model fit. The values of CFI is 0.90, suggesting that this values are sufficient to support a well fitting model.

Table 2:Model Fit Indices - Structural Model

Model Fit indices	Structural Model	Standardized Values
Absolute Fit Measures Chi-square of estimate model d.f (X 2 /df) Probability	 661.717 206 3.212 0.049	 <3 (Byrne 1990) p<.05 (Joreskog & Sorbom, 1996)
Goodness-of-fit index (GFI)	0.848	**0-1.Value close to 1 is good fit** (Byrne, 1995; Hu & Bentler, 1995)
Root mean square residual (RMR)	0.087	<1 (Hu & Bentler, 1999)
Root mean square error of approximation (RMSEA)	0.08	**0.08 (mediocre fit)** (MacCallum, Browne & Sugawara, 1996)
Incremental Fit Measures Adjusted goodness-of-fit index (AGFI)	0.80	**0-1.Value close to 1 is good fit** (Byrne, 1995; Hu & Bentler, 1995)
Parsimonious Fit Measures Comparative fit index (CFI)	0.90	**0-1.Value close to 1 is good fit** (Byrne, Hu & Bentler, 1995)

Note: All t-value were significant at the level of 0.05.



Note:

Economic Impact (EC)

EC1-Tourism increases job opportunities for the local people

EC3-Wider promotion of handicraft items made in the village

EC5-Local labour, technology and resources being optimally utilized

EC7-Tourism creates more jobs for outsiders than for local people

EC8-Host community getting trained on different types of hospitality management, cuisine preparation, tourist handling

EC9-Collaboration with different business institutions for market tie-ups.

Socio-Cultural Impact (SC)

SC13-Mobilization of women artisans in the active participation in the tourism programme

SC15-Effective skill building of the women community

SC17-Documentation of the crafts, arts and folk lore

SC19-Tourism encourages a variety of cultural activities by the local population

Political impact (P)

P27-Tourism brings political benefits to society

P28-The community should have authority to suggest control and restrictions of tourism development in the country.

Community Participation (CP)

CP2-I would be willing to attend community meetings to discuss an important tourism issue

CP3-The government usually consults us about tourism planning

CP5-Public involvement in planning and development of tourism

CP6-Active Participation of the local community and youth

CP7- willing to invest talent or time to make the community an even better place for visitors

CP2-I would be affected by whatever happens (positive or negative) in the community

Tourism Support (TS)

TS2- Development of cultural or historic-based attractions.

TS3- Development of supporting visitor services.

TS4- Development of small independent businesses.

TS5- Development of cultural and folk events.

TS6- Development of infrastructure for tourists.

Table 3: Summary of Hypotheses Testing

Hypothesis Relation ship estimate			Beta Estimate	c.r value	Results
H1-CP	<---	TDI	0.897	9.218	Supported
H2-TS	<---	TDI	0.520	2.257	Supported
H3-TS	<---	CP	0.994	4.065	Supported

In this proposed model, 3 hypotheses were proposed and tested by using structural equation modeling. From the outcome structural equation modeling the hypotheses were tested and the results are reported(Table:3). The final model has been tested and found to be a good fit the data and the possible model for this study.

FINDINGS RECOMMENDATIONS

The '**Tourism Development Impacts'** constructs shows significant positive relationship with the construct of '**Tourism Support'**. It was evident from the empirical data that the younger generation people and elderly people are less supportive for tourism than the middle aged people.It was hypothesized that tourism stakeholders who have a desire and interest in participating in tourism planning and benefits are more likely to support tourism development. In addition, the results showed a significantly strong positive relationship between the constructs 'community participation' and 'stakeholders' support for destination competitive strategies'.

Rural tourism can help in creating sustainable development in some of our villages in rural areas. Governments should recognize importance of rural tourism at priority and help in creating healthy competitive business environment. Government should try to generate data for decision-making bodies investing for developing the human resources, create adequate facilities and suitable infrastructure like accommodation, roads, airport facilities, rail facilities, local transport, communication links and other essential amenities become essential for development of rural tourism.

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Interest Rates Determinants in Demonetised Economy

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Abstract

The main focus of this research study is to look into the determinants of interest rates in India post demonetisation. India entered the demonetised phase in November of 2016, and since then the economy has slugged down a lot. This study aims at studying the three explanatory variables; inflation rate, money supply and monetary policy rate in order to evaluate their impact on the trend of interest rate. It is a general belief that the variables have a relationship, in so much that they affect the interest rates. The RBI takes measures so as to create an investment-friendly rate of interest, which is necessary for promoting economic growth. This should be addressed as infrastructural expenditure incurred by banks are passed to borrowers through interest rate.

Keywords: Interest rate, Demonetisation, Monetary policy rate and Economic growth

INTRODUCTION

Over the years, interest rate in India has been managed by the monetary authority as a monetary and credit policy tool aimed at inflation control, investment inducement and economic growth. Interest rate is the price paid for the use of money. It is the opportunity cost of borrowing money from a lender. It is an important economic price determined by various factors and useful in gauging financial market conditions. The direction and magnitude of changes in market interest rate are primarily important to policy makers as it determines the growth path of the economy. The role and effect of interest rate is possible due to the link between the financial sector and real sector of the economy. For example, the lending rate which translates into cost of capital has direct implications for investment. The behaviour of interest rate determines investment activities and hence economic growth of a country. Banks as intermediaries mobilize funds from surplus spending units to deficit spending units of theeconomy through deposit acceptance and in turn, channel them into productive economic activities. The extent to which this is done lies on the interest rate which in turn determines economic growth (Uchendu, 1993).

According to Omole&Falokun, (1999), interest rate policy is among the emerging issues incurrent economic policy in India. In view of the role it is expected to play in a deregulated economy by inducing savings which can be channel to investment and thereby increasing employment, output and efficient financial resource utilization. Also, interest rates can have as ubstantial influence on the rate and pattern of economic growth by influencing the volume and disposition of saving as well as the volume and productivity of investment (Tayor, 2004).

Oresotu (1992) explained the functions of interest rates in which people decide whether to borrow, invest, save and/or consume as:

- A consumption deferment due to incentives gotten from financial assets by savers.
- Interest rate as a component of cost of capital affects the demand for and allocation of loanable fund.
- Domestic interest rate in conjunction with the

rate of return on foreign financial assets and goods are hedged against inflation.

Interest rate in India could be examined under two regimes; the regulated period characterized by a fixed rate and the demonetised period where interest rate is freely determined by market forces of demand and supply.

Before the demonetised era, the monetary authority (RBI) relied on the use of direct control mechanism to fix interest rate and other banking charges with periodic adjustments depending on the government sectoral priorities. This was done to obtain social optimum resource allocation, promote orderly growth of the financial market and combat inflation. In adjusting interest rate according to sectoral priorities, the government aimed at direct financial resources at concessionary low interest rate to the favored sectors for possible increase in productivity and subsequently, economic growth (Udoka, 2000). For instance, in 1984, banks were instructed to lend to agricultural sector at 7%. This had serious implication for the economy as the period was considered a financial repression period (McKinnon & Shaw) where government regulations, laws and other restrictions prevented financial intermediaries from functioning at full capacity. The prevailing rates at the time were unable to keep pace with inflation thereby resulting in negative real interest rates. This led to the demand for credit exceeding savings, inefficient resource allocation and pricing, starvation of funds to essential sectors of the economy and under development of the financial market (Obute, Asor&Idoko 2012).

In July 1987, the RBI deregulated interest rate. Interest rate under this policy was to be determined by market forces. This was due to the economic disturbances experienced in the economy in the early 1980s due to world oil price fall and the financial repression. The objective of deregulating the interest rate was to promote investment through the linkage between interest rate and investment. Specifically, the RBI maintained a flexible interest rate stance, anchored on adjustment of minimum rediscount rate complemented by cash reserve and the use of moral suasion (RBI 2005). It is however observed that banks lending rate rose while deposit rates were low. This resulted in a wide gap between both rates threatening domestic price stability, savings and credit availability to the real sector of the economy. The monetary rediscounted rate (MRR) has been replaced with the monetary policy rate (MPR).

In 1994-1995, the fixed interest rate was re-introduced to check the persistent increase in interest rate. The surge in the interest rate was high such that lending rate reached 21% while deposit rate was 13.6%, discouraged investment.

The re-introduction of fixed interest rate was due to:

- Inflation rate was as high as 72.8% in 1995
- High fiscal deficit of the Federal Government
- Technical insolvency of many banks resulting in distress borrowing from the banking and pervasive defaults in the money market and speculative attack on the foreign exchange arising from excess borrowing from the banking sector, (RBI, 2005).
- Persistent high inflation rate became a major challenge to the monetary authorities in achieving economic stability.

There were wide variations and unnecessarily high interest rate under the complete demonetised of interest rate. Deposits were once again set at 12% - 15% per annum, while a ceiling of 21% per annum was fixed for lending (RBI, 2006). The fixing of interest rate introduced in 1994 was retained in 1995 with a minor modification to allow for flexibility. This situation remained until 1996 when interest rate was deregulated again with the bank given the freedom to determine interest rate with their customers. The RBI retained the discretionary power to intervene to ensure orderly development in interest rate.

Statement of the Problem

The primary role of interest rate is to help in the mobilization of financial resources and to ensure the efficient utilization of such resources in the production, promotion of economic growth and development. It thus affects the level of consumption on the one hand and the level of investment on the other hand, which in turn affects growth in the real world.

The performance of the economy is thus, linked with the level of interest rate as it exerts pressure on the stock market capitalization rate, manufacturing sector performance, foreign exchange rate etc (Adebiyi&Babatope-Obasa 2004). High interest rate impedes economic activities and slow down growth. It discourages borrowing for investment thereby hampering output and affecting GDP. It adversely affects exports and threatens widespread problem in the international banking system.

With the experience of the interest rate in India and its direct/indirect impact on the economy and with the operation of a deregulated economy in India, it becomes important to check for variables that determines the level and direction of interest rate under deregulated period.

Objective of the Study

The major objective of this study is to investigate the determinants of interest rate in India under the demonetised period.

The Research Hypothesis

The research will be guided by the following hypothesis:

Ho: There exist no significant relationship between interest rate and the determining variables selected.

Theoretical Review

Various theories of interest rates provide variables which determine interest rates. These theories differ in opinion dues to the fact that some theorists see interest rates determination as a monetary phenomenon while others, as a real phenomenon.

The neo-classical opined that interest rate is determined by the demand and supply of loanable funds. The demand for loanable fund by government, businessmen and consumers for the purpose of investment, hoarding and consumption depends on the expected rate of profit as compared with the rate of interest and satisfaction for consumers. This demand is met by past savings or through dis-saving and are interest elastic. They are higher with higher interest rate. The loanable fund regards the rate of interest as a function of four variables: savings, investment, the desire to hoard and the money supply (Jhingan, 1990). However, the Keynesian theory of interest rate was of the view that the rate of interest is purely a monetary phenomenon and is determined by the demand and supply of money (Ahuja, 2013), analogous of liquidity preference theory. The liquidity preference is the premium that wealth holders demand in exchange for ready money or bank deposits. It refers to the relationship between the quantities of money the public wishes to hold and the interest rate, the higher the liquidity preference, the higher the interest rate to be paid for parting with liquid assets and vice versa.

Empirical Review

Using a time series technique, Gul and Ekinci (2006) studied the relationship between nominal interest rates and inflation using high-frequency data of nominal interest rate and inflation for Turkey. They concluded that there exist a long run relationship between nominal interest rates and inflation. The results, however, indicate that a causal relationship occurs only in one direction running from nominal interest rate to inflation without the reverse causation.

Dlamini et al. (2001) concluded in his study that interest rates seem to play no significant role in the inflation function for Swaziland. This he explained is because in most developing countries, interest rates tend to be inoperative due to a non-existence of a well-developed money market and the fact that interest rates do not necessarily reflect money market conditions but are institutionally pegged. It is, therefore, difficult to ascertain whether interest rates affect prices or not.

An empirical analysis for Pakistan was conducted by Mukhtar and Zakaria (2007) regarding budget deficit and interest rates. They empirically examined long-run relationship between nominal interest rate and budget deficits for Pakistan using quarterly time-series data for the period 1960 to 2005. They tested the "crowding-out" view against the "Ricardian deficit neutrality" alternative. Regression result showed that budget deficit do not have significant effect on nominal interest rates. These result revealed the existence of the Ricardian Deficit Neutrality in Pakistan, while budget deficit GDP ratio has significant positive impact on nominal interest rates.

METHOD OF STUDY AND MODEL SPECIFICATION

The determinants of interest rate in India are examined by estimating a linear regression model. Studies have identified various factors that determine interest rate. In this work, we specified a model with a dependent variable (interest rate) and three explanatory variables inflation rate, monetary policy rate and money supply, so as to investigate the extent to which these explanatory variables determine the level of interest rate in the economy under the regulated period. Thus,

INT = f (INF, MPR, MS)... (1)

Where INT = Interest Rate

INF= Inflation Rate

MPR= Monetary Policy Rate

MS= Money Supply (Broad Money M_2)

This can be explicitly written as

$INT = X_0 + X_1 INF + X_2 MPR + X_3 MS + \mu$ .... (2)

To avoid the problem of heteroscadasticity, the equation can be transformed using the natural logarithm, and thus, equation (1) can be re-written as:

$LNINT = X_0 + LNX_1 INF + LNX_2 MPR + LN X_3 MS + \mu$ .... (3)

Where:

LNINT = Natural Logarithm Interest Rate

LNINF = Natural Logarithm of Inflation Rate

LNMPR = Natural Logarithm of Monetary Policy Rate

LNMS = Natural Logarithm of Money Supply (Broad Money M2)

The apriori expectations for the coefficients are as follows; $X_0 > 0$, $X_1 < 0$, $X_2 > 0$, $X_3 < 0$.

Expectations

- Based on economic theory, lowering interest rate, will encourage borrowing. There will be much money in circulation. This increases the spending power of the public and as such, there will be an accompanying increase in price of goods and services (inflation). Thus there is expected to be, a negative relationship between INT and INF and the coefficient of INF is expected to be negative $X_1<0$.
- There is expected to be a positive relationship between INT and MPR. Monetary policy rate is the rate at which the RBI lend to the commercial banks. Since banks cannot afford to lend lower than the monetary policy rate, an increase in MPR will be accompanied by an increase in INT. Thus coefficient of MPR is expected to be positive. $X_2>0$.
- An inverse relationship is expected between INT and MS. Lowering interest rate, encourages borrowing. This increases the money supply in the economy which in turn is expected to increase purchasing power thereby increasing demand for outputs which in turn boost investment. The coefficient of MS is expected to be negative. $X_3<0$.

The use of the Ordinary Least Square method is employed in this analysis. The unit root test using the Augmented Dickey Fuller test (ADF) will be employed to check for stationarity. The Johansen Co-integration test will also be employed to confirm if the series are co-integrated while the Error Correction Model (ECM) technique will be employed to derive parsimonious models used for further analysis. (Onuchuku&Adoghor 1999).

DATA ANALYSIS AND PRESENTATION OF RESULTS

Having tested the null hypothesis (Ho) that there exist no significant relationship between interest rate and the selected independent variables, we present the result gotten. The study employed secondary data gotten from various sources including the Reserve Bank of India Statistical bulletin 2017.

Stationarity Test

In order to avoid spurious results, the unit root test using the Augumented Dickey Fuller test (ADF) for testing stationarity of time series data was employed. Box and Henkins (1976) posited that non-stationary time series in levels may be made stationary after differencing d times. If the series is said to be integratedof order d (I(d)), it attained stationarity after differencing d times. This situation arises if the variable did not achieve stationarity at the first differencing known as levels denoted as I(0). This is the situation with the variables employed in this study.

The ADF test statistic seen in Table 1 below showed that all time series data are achieved stationarity at first differencing at 5%, 1% and 10% level of significance. At absolute value, the values of the t statistics were greater than the critical values at 5%, 1% and 10% respectively.

Table 1: Augmented Dickey-Fuller test statistic

	t - statistic	Critical values 1%	Critical values 5%	Critical values 10%	Prob.	Order of Integration
(LNINT)	-4.704398	-3.7343	--2.9907	-2.6348	0.000001	I(1)
D(LNINF)	-5.815895	-3.7343	--2.9907	-2.6348	0.000023	I(1)
D(LNMS)	-5.110776	-3.7343	--2.9907	-2.6348	0.000001	I(1)
D(LNMPR)	-4.526503	-3.7343	--2.9907	-2.6348	0.000039	I(1)

Co-integration Test

The Johansen co-integration analysis was used to determine if there exists a long-run equilibrium relationship among variables under study. It revealed that 2 variables are co-integrated at 5% critical value. The likelihood ratio of 67.62467 & 36.44791 are all greater than the critical value of 53.12 & 34.91. We therefore reject the null hypothesis and conclude that there exist at least one co-integrating relationship and as such, long run equilibrium exists among the variables.

Table 2: Johansen Cointegration Test

	Likelihood	5 Percent	1 Percent	Hypothesized
Eigenvalue	Ratio	Critical Value	Critical Value	No. of CE(s)
0.814939	67.62467	53.12	60.16	None **
0.372453	36.44791	34.91	41.07	At most 1*
0.285822	14.58382	19.96	24.60	At most 2
0.218648	6.168242	9.24	12.97	At most 3
*(**) denotes rejection of the hypothesis at 5%(1%) significance level L.R. test indicates 1 cointegrating equation(s) at 5% significance level				

Error Correction Model

The result from the parsimonious model in Table 3 revealed that the inflation (INF) has a direct and significant relationship with interest rate (INT) at 5 percent level of significance. Money supply (MS) also had significant relationship in determining the level of interest rate (INT) at 10 percent level of significance. The parameters are all rightly signed except the MPR. Inflation rate and monetary policy rate are not significant at current value while money supply is significant with coefficients and t-statistics in bracket as follows; -0.035686 (-0.546255), -0.086912 (-0.494906), -0.093726 (-1.833847). However, the lags of inflation rate are significant at 1 percent and 5 percent. The determinant of correlation (R square) revealed that 82 percent changes in interest rate in India are explained by the explanatory variables in the model, while the ECM was rightly signed with 65 percent recovery rate. The probabilities of the f statistics also show that the entire regression model is fit.

Table 3: Error Correction Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.011828	0.038445	0.307669	0.7646
D(INF)	-0.035686	0.065329	-0.546255	0.5969
D(INF(-1)	0.137761	0.073546	1.873124	0.0905*
D(INF(-2)	-0.206174	0.077546	-2.658726	0.0240**
D(INF(-3)	0.090992	0.062261	1.461470	0.1746
D(MPR)	-0.086912	0.175613	-0.494906	0.6314
D(MPR(-1))	0.223574	0.143516	1.557829	0.1503
D(MPR(-2))	0.187194	0.181698	1.030244	0.3272
D(MPR(-3))	0.268676	0.156604	1.715635	0.1170
D(MS)	-0.093726	0.051109	-1.833847	0.0966*
D(MS(-2))	0.034794	0.053250	0.653410	0.5282
D(MS(-3))	0.043537	0.050966	0.854222	0.4130
ECM(-1)	-0.651367	0.245276	-2.655647	0.0241**
R-squared	0.815129	Mean dependent var		-0.020331
Adjusted R-squared	0.593283	S.D. dependent var		0.210329

S.E. of regression	0.134136	Akaike info criterion	-0.882398
Sum squared resid	0.179925	Schwarz criterion	-0.240597
Log like lihood	23.14758	F-statistic	3.674306
Durbin-Watson stat	1.423969	Prob(F-statistic)	0.023807

** denotes rejection of the hypothesis at the 0.05 level

* denotes rejection of the hypothesis at the 0.10 level

Granger Causality Test

Table 4: Pairwise Granger Causality Tests

Null Hypothesis:	Obs	F-Statistic	Probability
LNINF does not Granger Cause LNINT	25	1.13911	0.37828
LNINT does not Granger Cause LNINF		3.24351	0.04430
LNMS does not Granger Cause LNINT	25	0.88850	0.49611
LNINT does not Granger Cause LNMS		0.51578	0.72548
LNMPR does not Granger Cause NINT	25	4.11169	0.02078
LNINT does not Granger Cause LNMPR		1.40575	0.28282
LNMS does not Granger Cause LNINF	25	0.84111	0.52179
LNINF does not Granger Cause LNMS		0.43418	0.78179
LNMPR does not Granger Cause NINF	25	0.78219	0.55525
LNINF does not Granger Cause LNMPR		0.88326	0.49890
LNMPR does not Granger Cause NMS	25	0.53109	0.71503
LNMS does not Granger Cause LNMPR		1.36189	0.29665

The Granger causality analysis presented in Table 4 showed that at 5% significance level that most of the variables do not cause each other under pairwise Granger Causality test that is there was no bidirectional causal relationship. Rather, there were two case of unidirectional causality between two variables running from interest rate (LNINT) to inflation rate (LNINF) and from Monetary Policy Rate (LNMPR) to interest rate (LNINT).

CONCLUSION

This study on the determinants of interest rate under deregulated period in India employed secondary data which was analyzed and tested using ordinary least square multiple regression technique. Based on the regression result it was discovered that there existed a significant relationship between INT and INF, MS. Based on this, the following recommendations were made:

- Interest rate is important in forecasting the trend in the growth of the economy in view of the relationships between interest rates explanatory variables which in turn determines economic growth. Thus, the formulation and implementation of financial policies that enhance investment-friendly rate of interest is necessary for promoting economic growth in India.
- Complimentary policies such as industrial incentives (tax relief and provision of basic infrastructural facilities) to cushion out the effect of interest rate liberalization on industrial operations are desirable. This will help foster industrial development and economic development.

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Human Resource Development in Digital Era - A Big Shift

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Abstract

Global economy is at impeccable growth, connectivity and technological waves are creating a big shift in the way business operates. Common walks of life has undergone a paradigm shift whether travel, education, banking transactions, laundry, manufacturing industry or services, everywhere system witnessing a silent revolution and growing at an accelerated change. These changes are creating a new rule for business and for Human Resources, which radically shifting the context for workspace, workforce, people practices and world of work. These changes are not only in terms of technology but it encompasses demographics and society at large. Business and HR leaders need to embrace a new thinking about their companies, their talent and their role in global-social issues. Above challenges or change has forced the HR department to rewrite the rules to match the ever-changing landscape. These rules will act as a guideline for HR in the area of leading, organizing, motivating and managing the modern workforce in the digital era or 21st century. Therefore this study is conceptualized to map the changes in workforce, organization and its impact on the society. Another purpose of this study is to keep track of human capital trends at the global level.

Objectives of the Study

- To study the trends in Human capital in 21st Century.
- To analyze the employee's changing Mindset, workplace and its impact
- To analyze the changing Organization structure and leadership
- To suggest Management system or processes
- To suggest suitable Organization culture and employee engagement in digital era
- To analyze the impact of Digital Platform and HR Analytics

Review of Literature

While a broader discussion and categorization of digital changes of HRM is missing at present, reviewing the literature yields three focal areas that might be briefly labelled as "digital employees", "digital work" and "digital employee management".

As a first major area, the concept of "digital employees" figuratively refers to assumed larger changes in the core subject matter of the HR profession: labelled with various terms such as "digital natives" (e.g. Prensky, 2001), "millennials" (e.g. Deal et al., 2010) or "net generation" (e.g. Tapscott, 2008), it is assumed that the early, intimate and enduring interaction with digital technologies has shaped a new generation of people with distinctively different attitudes, qualifications, behaviours and expectations. Early literature on the phenomenon suggests that, based on the enduring interaction with digital technologies, this new cohort of people is generally characterized by marked digital qualifications, multitasking capabilities (in particular fast and parallel information processing), affinity for networking, learning by doing and preference of instant gratifications and frequent rewards (Prensky, 2001). Given this, literature is additionally concerned that these differences will aggravate or even prevent mutual cooperation and understanding between generations (e.g. Lancaster and Stillman, 2002).

It is obvious that HRM should react to such changes and align its strategies and activities to this new labour market cohort, and search for adequate ways to recruit, develop, compensate, etc. such "digital employees" and moreover to integrate them with previous generations of employees. Yet, ongoing research on the topic could expose such assumptions as oversimplifications and overgeneralizations. The generation of younger employees grown up in a digital environment is both considerably more complex and considerably more heterogeneous, while there are, however, obvious differences that have to be considered (e.g. Bennett et al., 2008; Helsper and Eynon, 2010). The challenge for HRM therefore is to identify actual digitally induced changes in attitudes, qualifications, behaviours and expectation of younger employees, while yet avoiding any stereotyping and considering heterogeneity of actual changes. Based on this, the strategic and operative adaptation of HRM to a changing workforce constitutes a step necessary to support organizations further on. In this way, "digital employees" constitute a first notable area of digital changes and challenges of the HR profession (e.g. D'Netto and Ahmed, 2012; and the contributions in Ng et al., 2012).

A second major area might be called "digital work", referring to the content as to the organization of work. Relating to work content the ongoing digitalisation implies an increasing automation of manual and routine work, and a slow but steady change of remaining tasks towards "brain and information work". Given that, all information today is either digital, has been digital, or could be digital" (Bawden, 2008, p. 19), information work of employees more and more depends on digital tools and media. In consequence, qualification demands placed on employees have continuously changed, and in particular "digital literacy" - understood as a broader set of technical as well as mental skills to systematically acquire, process, produce and use information (e.g. Bawden, 2008; Nawaz and Kundi, 2010) - turns out a crucial key qualification for more and more employees. In order to enable both individual employees as entire organizations to keep up with the digital change, HRM has thus to systematically prepare, accompany and often also cushion this enduring change of work content and corresponding qualification demands in its multifarious facets. Moreover, beyond work content in particular work organization is affected by digitalization. Digital technologies have enabled new forms of organizing work that range from single virtual workplaces, to virtual groups, teams or communities, and even to virtual organizations (e.g. Powell et al., 2004; Hertel et al., 2005). While there are diverse varieties of organizing work digitally, the overarching principle is to support and connect task performing humans by means of digital information and communication technologies, and to organize work across the borders of geography, organization and time in any desired way. As a consequence, members of such virtual units are often remote and unknown. Managing such members clearly differs from managing conventional employees in a lot of aspects such as leadership, performance feedback or development, while still a lot of practical aspects are not sufficiently tackled (Hertel et al., 2005).

How drastically digital forms of work organization changes HRM may be best illustrated based on e-lancing (Aguinis and Lawal, 2013). E-lancing organizes work via web-based marketplaces where organizations offer certain tasks to be performed by interested persons, which yet are freelancing. This uncovers that e-lancing replaces conventional employees, and therewith deeply changes and sometimes even questions "classic" HR functions such as recruiting or development (cf. the discussion in Aguinis and Lawal, 2013). The basic challenge for e-HRM thus lies in recognizing the requirements that such digital forms of work organization pose on managing employees as well as further categories of contributors. In this way, the ongoing digitalization of work content and organization constitutes a major change that visibly poses multiple new requirements on the HR profession.

A third and final area of digital change might be labelled "digital employee management" and refers to the planning, implementation and in particular application of digital technologies to support and network the HR profession, a phenomenon also known as electronic HRM (e.g. Bondarouk and Ruël, 2009; Strohmeier, 2007). In the interim, not only administrative HR functions such as pay roll processing, attendance management or record keeping, but also managerial HR functions such as compensation, performance management or development are "digitally" supported and enabled, and thereby often deeply changed (e.g. Strohmeier, 2007). Moreover, digitalization has also affected HR organization, by establishing new actor categories, as for instance employees incorporated via digital self-service, and by establishing new kinds of cooperation subsumed as "virtual HR" (e.g. Lepak and Snell, 1998). In consequence, HR qualifications also show a clear shift to incorporating technical implementation and application skills (e.g. Hempel, 2004). This ongoing digitalization of HRM is basically assumed to offer large opportunities for the discipline. In particular, it is hoped to improve operational aspects, such as costs, speed and quality of HR processes, relational aspects, such as corporation and trust among HR stakeholders, and also transformational aspects, such as the strategic orientation, organisation and standing of the HR function (e.g. Parry, 2011; Strohmeier, 2009). However, e-HRM research also uncovers that desired results and actual outcomes not necessarily coincide (e.g. Parry and Tyson, 2011; Strohmeier, 2009). Known downsides of digitalization are for instance: lack of user acceptance, threats to privacy, contribution to the "digital divide", loss of personal contacts, downsizing the HR-department or burdening HR professionals with technical implementation, administration and application tasks, among others. Against this background, a basic challenge of the HR profession is to identify, develop and utilized the positive potentials of digitalization, while avoiding or at least reducing the accompanying downsides. Though rather silently, the digitalization of HRM therewith even constitutes one of the major changes of the discipline throughout the last decades that ambivalently confronts HRM with both new opportunities and new risks.

From the above literature, it is quite evident that most of the studies are concentrated on impact of technology on HR and business, but in reality, beyond technology the workforce mindset and society at large has changed that creating a major impact on the business and HR practices. Hence this study formulated to map the trends that are affecting the Businesses and HR encompassing the areas of Organization structure and leadership, management system, employee engagement and organization culture, learning organization, digital platforms and HR analytics etc.

Research Design

The world has undergone far reaching cultural, societal and economical changes based on the increasing dominance of digital technologies. In sum, these changes have led to the current period being characterized as the "digital age". In line with these changes, digital technologies play an increasingly prominent role in both the lives of employees and human resource management (HRM), which seems to be affected in multiple ways. In addition to the above, due to the technological changes employee mindset, style of business operations, systems, business model and overall society scaled to a different height. Considering the above parameters in mind this study formulated to study the trends in Human capital management. For studying the same, following variables or areas have been considered to analyze.

1. Organization structure and leadership
2. Management system or processes
3. Organization culture and employee engagement

4. Learning Organization
5. Digital Platform
6. Cognitive technologies - HR Analytics and Artificial Intelligence.

Analysis of Data

1. Organization structure and leadership

Given the pace of change and the constant pressure to adapt, it is not surprising that executives identified building the organization of the future as the most important challenge for 2017. This level of interest signals a shift from designing the new organization to actively building organizational ecosystems and networks. Agility plays a central role in the organization of the future, as companies race to replace structural hierarchies with networks of teams empowered to take action.

As companies transform and digital organizational models emerge, leadership needs change as well. Organizations are clamoring for more agile, diverse, and younger leaders, as well as new leadership models that capture the "digital way" to run businesses. While the leadership development industry continues to struggle, companies are pushing the boundaries of their traditional leadership hierarchies, empowering a new breed of leaders who can thrive in a rapidly changing network.

2. Management system or processes

For the last five years, companies have been experimenting with new performance management approaches that emphasize continuous feedback and coaching, reducing the focus on appraisal. This year, companies are moving beyond experimentation to deploy new models on a wide scale. Even though HR technology tools have not quite caught up, new approaches to performance management are working, and they are increasing productivity and changing corporate culture. Fairness, equity, and inclusion are now CEO-level issues around the world. Executives can no longer abdicate diversity strategies to the CHRO or chief diversity officer. A new focus on accountability, data, transparency, and "diversity through process" is driving efforts around unconscious bias training and education throughout the business community. Despite these efforts, however, we see a reality gap. Issues around diversity and inclusion continue to be frustrating and challenging for many organizations.

3. Organization culture and employee engagement

Culture and engagement are vital parts of the employee experience, and leading organizations are broadening their focus to include a person's first contact with a potential employer through retirement and beyond. Today, companies are looking at employee journeys, studying the needs of their workforce, and using net promoter scores to understand the employee experience. Workplace redesign, well-being, and work productivity systems are all becoming part of the mandate for HR.

4. Learning Organization

The concept of a "career" is being shaken to its core, driving companies toward "always-on" learning experiences that allow employees to build skills quickly, easily, and on their own terms. At leading companies, HR organizations are helping employees grow and thrive as they adopt the radical concept of a career described in The 100-Year Life. New learning models both challenge the idea of a static career and reflect the declining half-life of skills critical to the 21st-century organization.

5. Digital Platform

As the enterprise as a whole becomes digital, HR must become a leader in the digital organization. This means going beyond digitizing HR platforms to developing digital workplaces and digital workforces, and to deploying technology that changes how people work and the way they relate to each other at work. Fortunately, the path to digital HR is becoming clearer, with expanded options, new platforms, and a wide variety of tools to build the 21st-century digital organization, workforce, and workplace.

Robotics, AI, sensors, and cognitive computing have gone mainstream, along with the open talent economy. Companies can no longer consider their workforce to be only the employees on their balance sheet, but must include freelancers, "gig economy" workers, and crowds. These on- and off-balance-sheet workers are being augmented with machines and software. Together, these trends will result in the redesign of almost every job, as well as a new way of thinking about workforce planning and the nature of work. Change is already taking place.

6. Cognitive technologies - HR Analytics and Artificial Intelligence.

As jobs and skills change, finding and recruiting the right people become more important than ever. Talent acquisition highlights how leading organizations use social networking, analytics, and cognitive tools to find people in new ways, attract them through a global brand, and determine who will best fit the job, team, and company. A new breed of cognitive technologies is radically transforming recruiting, which stands at the early stages of a revolution.

Data about people at work has become more important than ever, but the focus of people analytics has changed. Formerly a technical discipline owned by data specialists, people analytics is now a business discipline, supporting everything from operations and management to talent acquisition and financial performance. Readiness to capitalize on people analytics remains a challenge.

Findings and Suggestions

- Connectivity and technological waves are creating a big shift in the way business operates.
- Business and HR leaders need to embrace a new thinking about their companies, their talent and their role in global-social issues.
- Agility plays a central role in the organization of the future, as companies race to re-place structural hierarchies with networks of teams empowered to take action.

Human Capital Model for Digital era

Organization structure and leadership

Virtual Teams with Decentralized structure

Cognitive technologies - HR Analytics and Artificial Intelligence

Management system or processes	Organization culture and employee engagement	Learning Organization

Digital Platform

- Organizations are clamoring for more agile, diverse, and younger leaders, as well as new leadership models that capture the "digital way" to run businesses.
- Companies have been experimenting with new performance management approaches that emphasize continuous feedback and coaching, reducing the focus on appraisal.
- A new focus on accountability, data, transparency, and "diversity through process" is driving efforts around unconscious bias training and education throughout the business community.
- Companies are looking at employee journeys, studying the needs of their workforce, and using net promoter scores to understand the employee experience. Workplace redesign, well-being, and work productivity systems are all becoming part of the mandate for HR.
- The concept of a "career" is being shaken to its core, driving companies toward "always-on" learning experiences that allow employees to build skills quickly, easily, and on their own terms.
- Digitizing HR platforms to developing digital workplaces and digital workforces, and to deploying technology that changes how people work and the way they relate to each other at work.

- Talent acquisition highlights how leading organizations use social networking, analytics, and cognitive tools to find people in new ways, attract them through a global brand, and determine who will best fit the job, team, and company.
- Data about people at work has become more important than ever, but the focus of people analytics has changed. Formerly a technical discipline owned by data specialists, people analytics is now a business discipline, supporting everything from operations and management to talent acquisition and financial performance.

Conclusion

Humans are marvelously adaptable. We have every confidence that even in these days of rapid change, leaders and workers will adapt, as they have in the past. The question is: Will organizations ride this wave or watch it crash over themselves?

The opportunity for leading organizations is not only to use these trends to guide business success, but to help pull society toward the crest of the technological wave-an important consideration when business is increasingly invited to play a social as well as an economic role.

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Indian Health Care and Insurance Industry on the Eco-System of a Digital Transformation

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Abstract:

Digital technology has led to a global revolution. The world is becoming increasingly more connected and is able to solve more and more complex societal problems through increased collaboration and information sharing. Technologies ranging from the most common smart phones to clinical advancements in 3D printing have driven this trend and continue to evolve over time. As a result, digital oriented consumers have already increasing the traditional consumers. The study is about comparison with the tradition method and digital method with the advantages as opportunities and challenges in the health care sector. The study goes with the objective , Research methodology is based on primary data and secondary data with analysis and conclusion. The study gives the technological advantage in reaching the social media and its growing GDP and expansion in the healthcare is an added possibility to expand.Accessibility in the rural sector through digital connectivity and more wearables. The rise of digital technology is pushing India to achieve Health for all, putting the country at the forefront for foreign investment. With these opportunities, India is emerging as the global leader in digital health.

Key words: Accessibility, Wearable's, Digital Transformation

Introduction

The online insurance industry in India is witnessing a phenomenal level of growth for the past few years. On insurance front, people started relying on internet to research about the kinds of products. However, with each passing year, digital insurance industry gradually expanded its footprints in India and therefore, online mode is not limited to just research and **insurance comparison.**

In today's scenario, Indians have the confidence to purchase online protection policies. They buy, renew, make payment of premium online and even avail post-purchase services.Insurance sector started to penetrate the digital platform in the year 2005. Everything began with the concept of online comparison and research of insurance policies and this was made possible due to some web aggregators.

Web aggregators provided extra comfort to buyers by letting them **compare policy online policy Bazzar for the comparision of the products.** Though, it was never easy to persuade researchers to buy policies through online mode. Nevertheless, transparency and safe payment gateways influenced more than half of the researchers and appealed them to make a purchase. Insurers also recognised the imprint online mode had made on the minds of consumers and therefore they initiated to promote **online term insurance quotes** and policies. In 2010-11, most of the insurers started selling online. And at present, insurers have made online mode a priority in their distribution strategy. Though, many insurers are still focusing on term plans, but a few of them have moved ahead beyond term and car policies.

Digital insurance in different places

Interesting fact explored in reports states quite significantly that previously large amount of sales came through metros and tier 1 cities. However, now people from even the mid-level cities like Indore, Jaipur, Lucknow and Surat and other tier II and tier III cities are interested in buying.

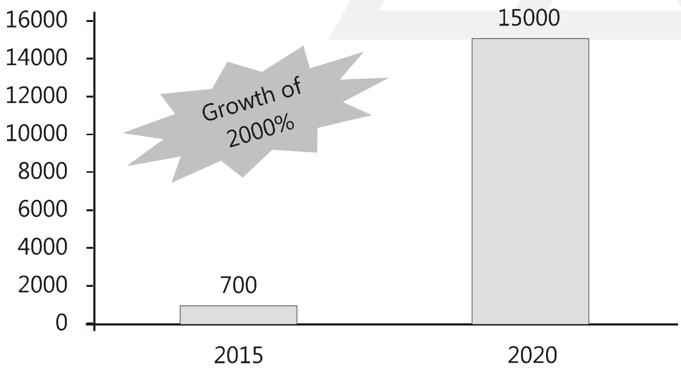
There were around 165 million internet users in India in 2014. This figure has reached around 200 million this year. Online purchase of policies has increased from 2 percent to 200 percent in just two years. Looking at this, the growth rate of the online industry in the years coming ahead is expected to be in three digits.

If a report from management consulting firm like BCG is to be believed, digital insurance will skyrocket to Rs 15,000 crore by year 2020.

This research implies that the industry is enjoying a growth of 2000 per cent in the next five years. It has

been estimated that online sales contribute around Rs 700 crore to the total turnover of the industry altogether.

Online Insurance Industry to witness skyrocketing growth (In Rs crore)



Score : BCG

If this number is projected to reach Rs 15,000 crore, then the industry is going to multiply its online sales 20 times. That's an amazing inference!.

More and more people are coming under the ambit of e-commerce and this trend will continue moving northwards. With the government of India itself supporting digitisation, the level of trust will go up.

So, there is no looking back for a sunshine industry like insurance, which is already experiencing a phenomenal growth.

As per the BCG report, life segment garners almost 45 per cent of the total online insurance market. Vehicle protection is the second largest segment contributing Rs 250 crore to the total sales of Rs 700 crore. The other segments such as health and travel secure the remaining piece of the cake.

The digital impact

As per industry research and analyses, it is said that in the 2-3 years, three out of every four insurance purchase decisions will be influenced by digital channels of sales and marketing.

Digital is an overarching structure and online insurance sales is a part of it. Digital insurance also encompasses use of digital technology to not just promote the services but also to enhance the overall customer experience. It is also about efficiency and setting up systems and processes.

Online sales, is though a tangible aspect and an insurer can quantify the impact of its online marketing efforts.

Consumer interests

When it comes to the Internet, Google is one of the most credible force. Recently, this search engine giant conducted a study to analyse consumer trends over online platforms and found that since 2008, a number of people have been searching for life and health insurance policy comparison and related information online. This trend has grown by 450 per cent. The general insurance industry rather witnessed a cumulative growth rate of 600 per cent in the past five years.

These numbers reflect the magnitude of digital insurance in India and act as a testimony to the success of online channels.

The latest trends seen in the insurance industry are as follows:

1. Online insurance

Over the last few years, the shift to online insurance has brought to the customer a large number of protection and savings solutions that were not available earlier. Connectivity and the shift to mobile e-commerce will soon play a significant role in the sector. Increasing use of mobiles and mobile apps is impacting how companies conduct business and interact ..

2. Big data and analytics

Big data and analytics provide valuable and actionable insights. Big data plays an important role in risk management, enabling companies to analyze risk characteristics and claims statistics. Big data helps companies monitor brand reputation by analyzing comments in social media. By doing so, companies can immediately address issues that may damage their reputation or brand

3. Training insurance agents

Agents are one of the trusted channels for selling insurance products. Insurers are increasingly investing in training and education of agents in order to enable them to deliver better service to customers.

4. Social media and collaboration

Social media is about helping people connect. Social media platforms such as Facebook, LinkedIn and Twitter, are frequently used in marketing to drive brand.

5. Distribution channel management

In a multi-channel world, existing distribution channels remain as new channels emerge, complicating channel management. Today they are managed as discrete distribution channels unable to integrate for seamless interactions. Different elements of insurers' communications are shifting at different speeds and older channels are not going away. This increases the burden and confusion for insurers, who are required to invest in support .

The increase in internet and mobile usage can be major influencers in shaping customer preferences and research of products online. While Indian consumers still believe that getting advice from an agent is an important part of purchasing insurance, observation says that online research on health insurance has shown an increasing trend.

With a population of around 1.3 billion, India is the second most populous country in the world. A large percentage of its population is youth population. Young people are the innovators, creators, builders and leaders of the future. However, they can transform the future only if they have skills, health and information to enable decision-making and real choices in life. Internet usage is growing rapidly mainly because of young users and technological innovations. Mobile e-commerce .

Digitalisation in insurance industry

From claims made for natural calamities to ever-changing consumer behaviour, the insurance industry has seen it all. The current challenge they have in hand is to adapt digitalisation. The insurance industry today is standing at a transformative stage, where people's buying methods have changed. Initially, sales executives used to walk door-to-door, selling insurance products. As insurance-related documents were too complex, people preferred to buy insurance plans recommended by someone instead of researching the best insurance plan available for them in the market. However, this scenario will change as India is progressing towards digitalisation. People will now look for insurance plans online, compare, research, and buy them online. They can even submit documents online with an e-sign.

Benefits of Digitalisation to Insurance Providers

These days people prefer to transact online as much as possible. From booking a movie ticket to applying for a car loan, they do it all online. The same applies to the insurance sector. With the march towards digitisation, many customers are going to buy insurance plans online which will change the marketing channels of insurance companies upside down. Some of the benefits of digitising the insurance sector are as follows:

Reduces salary costs: Insurance companies recruit hundreds of sale executives every year to sell their insurance products. If customers are reachable online, insurance companies will reduce the number of door-to-door sales executives which will reduce the salary cost of the company.

Increases the target group: Going digital increases the scope to meet many customers. The target customer base increases and insurance companies have the opportunity to pitch their products to many people.

Convenience: Accessing insurance products online is convenient and less time consuming. On the other hand, insurance companies can sell their products online without much struggle.

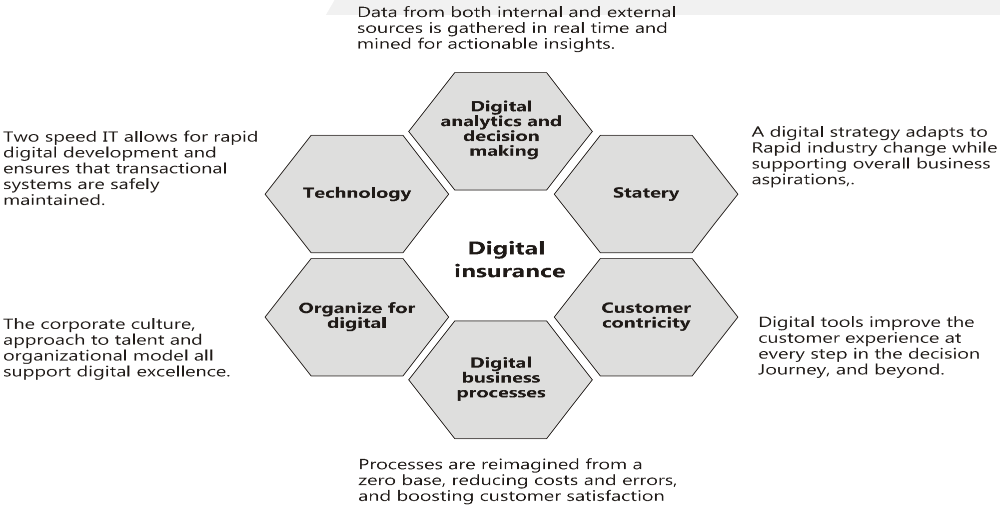
Less paperwork: Both insurance provider and policyholder don't have to go through the tedious documentation process. Documents can be shared and saved online.

Hassle free claim settlement: The main problem that arises when making insurance claims is incorrect or non-availability of documents. With digitalisation, this problem can be eliminated as all documents are saved online and are accessible for both the insurance provider and the policyholder.

How Digital Firms Create Value

Insurers are already demonstrating the value that a digital approach can deliver through improved connectivity with clients and intermediaries, better decision-making, cost savings from automation, and as a springboard for business model innovation.The choice insurers face today is whether to simply invest in digital capabilities or become digital insurers. The bestperforming carriers of tomorrow will choose the latter course. Based on work in the insurance industry and cross-sector research on the qualities digital leaders have in common,1

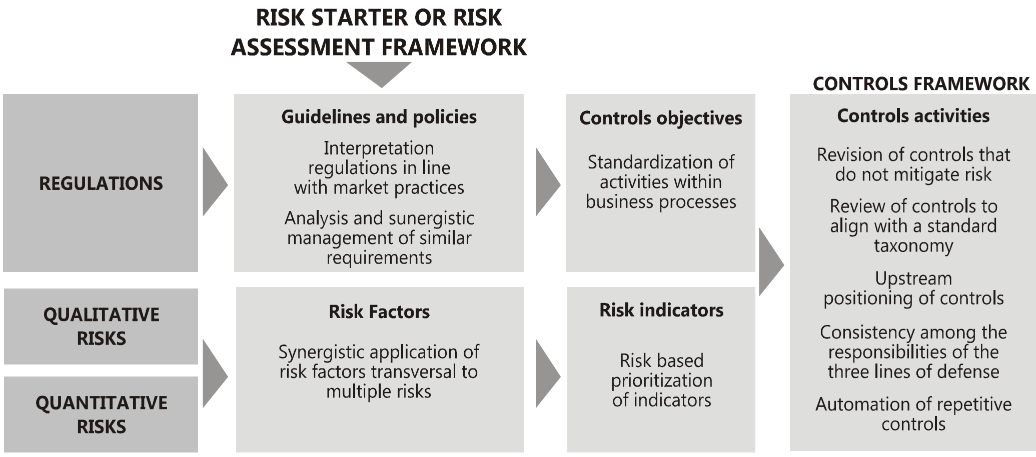
McKinsey believes carriers should rethink their approach in six areas where digital can have the greatest impact: strategy, customer-centricity, business processes, organization, technology, and analytics and decision-making



Insurers can use digital tools to develop a clear view of which customer interactions can be

re-imagined through digital, which are frustrating for policyholders or insurance shoppers, and where an improved experience will have the most impact.

Technology advances are transforming different industries at an ever-increasing pace. In-surance industry will not be isolated. These advances will be a lot more potent as they will have widespread applications across different aspects of the insurance business including sales, underwriting, claims and customer service.



Source BCG Analysis jan 2017

Direct digital interaction with customers: In the last few years, online insurance aggregators, email and social marketing, search engine marketing and website + tele-assist based direct sales have established themselves as key digital marketing and distribution channels. Growth witnessed in these channels leaves no doubt about their potential. By leveraging analytics and advances in technology and digital infrastructure, direct digital interactions and marketing to the customers will become highly personalized, more engaging and automated using natural language processing.

Ecosystems and partnerships a reality-leveraging the broader ecosystems

To create 'sustainable' differentiation, insurers will need to think of new business models that are hard to replicate and that engulf the customer across broad needs fulfilled by a suite of services. For example, creation of health ecosystem vs. health insurance, mobility ecosystem vs. motor insurance, retirement ecosystem vs. pension plan, child care and development ecosystem vs. health insurance and so on. Ecosystems are a set of businesses, which address customer needs in a comprehensive and integrated manner.

For example, a health ecosystem will entail wellness providers, health food providers, fitness centers, primary clinics, diagnostic centers, secondary or tertiary hospitals, payers such as insurers / corporate / government, pharmacies, disease management services linked together by an ecosystem aggregator. Ecosystems will help not only in gaining share of wallet but also in achieving customer 'lock-in' with more hooks and hence high exit barriers. Insurers will have to either take the lead and create such ecosystems or participate in existing ones. Since ecosystems business model is radically different from traditional insurance business model, it will require insurers to take large strategic bets, heavily invest in product design, operations and technology and source customers through multiple touch-points across the ecosystem.

Process digitization -Customer journeys will be digitized end-to-end

The global trend of digitizing the core insurance processes of sales, claims settlement as well as back-office operations is also gaining roots in India. A number of insurers have launched processes and apps for distribution partners and customers. Apart from productivity gains, digitization also helps improve process quality through standardization, process risk controls and lower manual involvement.

For process digitization insurers will leverage the rapidly developing digital infrastructure in the country as well as the latest technological advances. The next advance in process digitization will be driven by the following five key elements:

Aadhaar based biometric authentication: Recent entrants in banking and Telecom have already leveraged Aadhaar based authentication to roll out fully paperless customer on-boarding process with high quality KYC compliance. Insurers have also started using the same. The time has come to commit to this unconditionally.

Digital document storage: Whether it is de-materialized policy documents or claim documents, insurers have the opportunity to eliminate paper from most, if not all processes. However, to take full advantage, it will be imperative to have data architecture that allows capture of semi-structured and unstructured data. Third party digital lockers are now a reality where users can allow insurers to access paper records issued by other third parties such as government or medical records.

Digital consent: Insurers in future will increasingly use third party data for tailored offerings, underwriting and customer service. Digitally signed consent through a modern private data-sharing framework will allow insurers to securely access specific data allowed by users. It will also enable separation of data and consent flow reducing the chance of frauds.

Digital payments: Accelerating transition to cashless economy and adoption of UPI interface will significantly enable process digitization and eliminate manual elements of payment collections.

New technological advances: Internet of Things (IoT) including wearables and telematics devices, Artificial Intelligence (AI) including chat-bots and machine learning, and Robotics will significantly increase automation leading to greater productivity.

Customer engagement -Digital will enable customer centricity

Insurance as a product category faces a key challenge of limited customer touch-points and low customer engagement despite the consultative nature of the product and significant financial implications for the customers. BCG experience shows that insurers have on an average of 0.3-0.4 customer contacts per year. Add to that, the Indian situaThe Boston Consulting Group.

tion where so far, insurers have focused more on intermediaries than the customers, has resulted in even less data on end customers. Customer contactability is abysmally low.

Digital is a key enabler of disintermediation and allows insurers to meaningfully engage and influence customer experience directly. Insurance companies will have to start treating end customers as customers. They could potentially leverage the opportunity to integrate other high frequency transactions such as financial dashboards, health apps, social media content or other customer journeys (e.g. driving, travel, child education) and create 'moments of truth'. The next imperative will be to excel at customer experience in those interactions. Insurers that will crack the code will surely have a better chance of increasing customers as well as share of customer wallet and retain customers for longer.

Products and pricing -new, tailored and integrated end-to-end

In the rapidly evolving world, we believe that products will evolve on three key dimensions.

New products-Evolving needs and growing niches will drive new product development and product feature enhancements. E.g. cyber risk, fine arts, extended warranty products will become more prominent.

Tailored offers-based on data insights will make products uniquely relevant to the segment of one and pique customer interest. Better understanding of the customer profile and life stage, other financial transactions, social behavior will allow insurers to provide the 'right product at the right time'.

Products integrated with partner offerings: Insurance is already sold through partnerships as an attachment product primarily in the context of loans or large asset purchases such as housing and vehicles. Even further, insurers will have the opportunity to introduce products with features that are highly customized or integral to the partner's product offering.

Product evolution will go hand in hand with evolving pricing approaches. Pricing will be a key driver of profitable growth. New data sources such as partnerships, IoT - wearables, big data analytics, will put insurers in a great position to bridge the 'data divide' and price products appropriately.

Data and analytics will be king and will differentiate winners from also-rans

Like other businesses, insurers are also keen to leverage big data analytics. However, they suffer from lack of quality data. In India, the challenge is even starker, insurers struggle from lack of data, leave aside high quality data. It is driven partly by the nature of the business where customer transactions are limited (BCG analysis shows just about 0.3-0.4 contact points per year) and partly by the focus of insurers on intermediaries who call the shots and at times mask the data and do not share the full customer data with the insurers. In general in-surance, for example, since KYC is not mandatory, insurers often do not have basic profile information of the customers.

Importance of data is beyond debate and insurers can overcome the challenge by first looking internally for the right processes to capture the appropriate data as well as look at forging data partnerships. Different data partnerships become relevant in the context of sourcing and actuarial modeling. In case of sourcing, insurers need to dig deeper into sourcing data from intermediaries apart from third party partnerships which provide rich information on customer profile, life stage, social behavior and transaction context. In case of actuarial modeling, varied sources of data can be leveraged in specific contexts. For example, weather data can not only be used for crop insurance but also for analyzing chances of health epidemics, public health issues (e.g. pollution), natural disasters impacting life and property.

Creating the technology and data architecture required to deliver the 'digital insurer'

Infomation Technology has been the backbone of many transformations within the Insurance industry over the past two decades. However, the past two decades will not be a patch on the next few. The multiple state-of-the-art technology advances from big data and analytics, to machine learning and artificial intelligence, to the Internet of Things including wearables and telematics, to robotics, to chatbots, to voice recognition and beyond, will completely transform the requirements from IT architecture. Agile, a very small five alphabet word, will drive the technology teams crazy. Let's take just two of these advances as examples, AI and Big Data.

Incorporating technological advances - The stack of AI services has become reasonably standardized and is increasingly accessible through intuitive tools. Even non-experts can use large data sets. Right platforms and tools need to be setup for flexible architecture and for integration with diverse process elements.

As insurers prepare themselves to leverage Big Data either by harnessing data that is available internally or through partnerships, they need to assess the preparedness to manage such data. Traditionally, insurers have been used to managing structured data that comes as part of various business processes. Harnessing new sources of data will require the ability to store and process semi-structured and unstructured data such as customer interactions, images, medical records. Multiple trade-offs including costs, speed, functionality, scalability, data diversity are involved while choosing the right data architecture in line with business objectives. Given the selection and implementation lead times, this becomes not only important but also urgent for parallel design and execution of business strategy.

1. Ride the wave of regulatory shifts - be agile and ahead of the game:

In case of the insurance industry across the globe, regulatory changes have always had large implications for insurers. As one looks ahead, the regulatory environment will continue to be dynamic because of the business environment changes, such as new business models like the ecosystems mentioned above, new products driven by partnerships and customer data insight, heightened risks such as cyber security and data privacy. Insurers will need to keep pace with the evolving regulations.

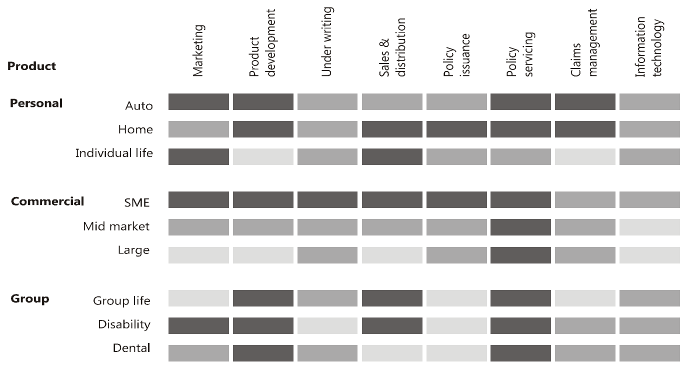
Take for example, the GST rollout, which is likely to happen this year. This will have a huge implication for insurers on multiple fronts, including attractiveness of product categories, and the operational efforts for insurers. The applicability of different GST slabs can significantly influence affordability and therefore alter the growth trajectory of different product segments.

Insurers will need to work with the regulatory body to ensure that regulations, while aligned with the principles, are also practical in terms of the implementability, the impact on customers and the business economics.

2. Value creation in changing shareholder world:

A number of the insurers will have to deal with new shareholders over the next few years.In fact, likely all of them. Two big trends driving this - the listing of insurers, including the PSUs and the accelerating wave of M&A. Retail investors (driven by listing), new strategic investors (basis M&A) and potential PE investors are all going to completely transform shareholder expectations. The scrutiny on the insurers as well as the many metrics will change drastically. Typically, not only value creation, but also consistency of the same (beta) is key for investors. Insurers will have to manage these new shareholder expectations.Insurers will need to place their bets on the most relevant priorities for them in the context of their business model and pursue them with conviction.

The Changing Face of Indian Insurance steps in the value chain



Consultative regulator approach to improve insurer confidence

♦ **Eliminating standard prescribed expense limits :**

Under the old provisions, an insurer's annual management expenses had to be within prescribed

limits, restricting its ability to diversify into untapped geographies and entailing a high cost of setup. This clause has been eliminated, giving more power and flexibility to the local regulator (Insurance Regulatory and Development Authority, or IRDA) to regulate management expenses and prescribe a broad architecture to determine expense limits.

♦ **Flexibility on maximum commissions to agents:** Previously, the maximum amount of commission payable to an insurance agent or intermediary was prescribed. This was done to contain inorganic growth by insurers that could compensate intermediaries significantly for business. In reality, insurers created alternate routes by making high distributor payouts.

In response to an already prevalent practice, the commission payout restriction has been dropped.

Instead, the regulator will regulate the commission at a product level, thereby ensuring that productmargins are met.

This has no direct impact on customers; however, the flexibility of commissions could set a trend forintermediaries to push a particular product that has higher allowable commissions. As insurers restrictthese commissions at will, there could be a significant reduction in earnings. Nonetheless, considering the dependency on distribution in India, insurers likely will modify their model to ensure that distributors are compensated adequately. Greater flexibility in managing expenses and commissions could also lower an insurer's expenses.

♦ **Withdrawing the requirement to deposit with the Central Bank**

Insurers were required to maintain a deposit of US $1.5m with the Central Bank of the country. In the amended bill, this requirement has been waived, offering flexibility to new insurers with a lower topline to deploy this additional fund effectively.

♦ **Eliminating renewal commission to non-agents**

The amended bill has provided a good response to the burning issue of high agency attrition,

impacting both productivity and activity. In the earlier provisions, an insurer was required to

continue paying renewal commissions to an agent who had served a minimum of five years with the company, regardless of whether he or she was still an agent. In the amendment, insurers are not required to pay agents who cease to be their agents.

♦ **Responsibility for appointing advisors is entrusted to insurers**

The new regulation empowers the regulator to regulate the agent's eligibility, qualifications and other aspects. In lieu of this, insurers now have the sole right to appoint agents without regulator intervention. The sudden change from the IRDAled approach of hiring agents will demand the establishment of a better training architecture to effectively manage the surge in agent volume internally and ensure robust processes.

Customer-centric outlook allows banks to operate as insurance brokers

IRDA's Regulation, 2013 (Licensing of Banks as Insurance Brokers) enabled banks to enter the business of insurance broking. As of January 2015, the Central Bank allowed banks to act as brokers for insurers, set up their own subsidiaries and undertake referral services for multiple companies.

Increase in transparency in insurance sales: banks acting as brokers holds multiple advantages for the customer. As corporate agents, they represent the interests of the insurer, and as brokers, they have direct fiduciary responsibility for selling insurance policies. To fulfill this responsibility, banks must inform the customer about product benefits to assist them in making an informed and educated decision. Customers will have more options in each product category with banks selling the products of multiple insurers. This will also compel insurers to design customer-centric, competitively priced products.

New distribution opportunity for insurers: those with no bank tie-up because of the earlier agency model, have an opportunity to forge new relationships and shore up their bancassurance channel. Such insurers will gain access to a much wider audience for their products, thus helping them enter under-penetrated markets.

While these guidelines offer a fresh ray of hope for the stagnating bank channel, this change mandates a high level of preparedness to approach customers. This will require significant investments in training bank staff, advanced IT platforms and servicing.

Introducing IMFs as a new distribution channel

The regulator recently finalized the guidelines for IMFs, which will be a new distribution intermediary for selling insurance products. IMFs will be allowed to solicit and sell products of two life, two nonlife and two health insurers. Additionally, they also will be allowed to sell other financial products, such as mutual funds, the National Pension System, and banking and financial products of banks and non-banking financial companies. IMFs will have a fiduciary responsibility to policyholders and must perform a needs analysis of their clients, compare products of insurers they have aligned with and

recommend products based on clients' needs. This will provide for high-quality sales and eliminate any chances of mis-selling.

The lower capital requirement for establishing an IMF, combined with its potentially being a one-stop shop for all of a customer's financial needs, makes it a lucrative choice for independent financial advisors and certified financial planners. For insurers, IMFs can be an effective distribution channel to help increase the footprint in untapped segments without a significant capital drain.It will also help revitalize the stagnating role of agents,

who now can become financial advisors and run their own distribution organizations. This will reinforce the "old-time charm" of the agent profession.

Fiduciary responsibility and accountability mandated to customers

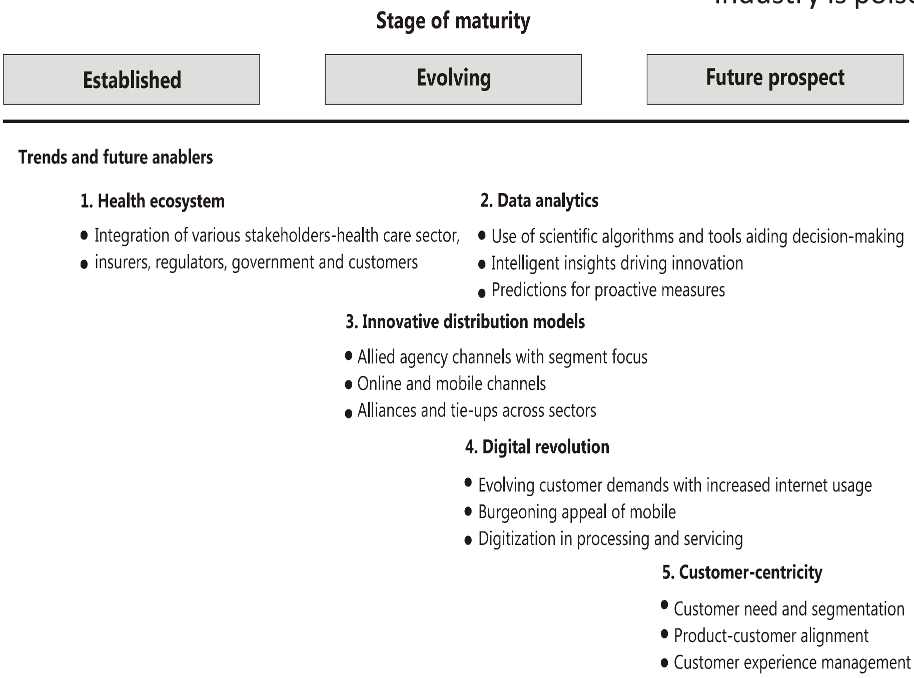
The regulator often has taken steps to protect policyholder and customer interests by mandating processes, reporting requirements and imposing penalties. However, the new bill has further tightened this in the following ways:

Governance: under a provision of the Insurance Laws (Amendment) Bill, 2015, no life insurance policy can be questioned on any grounds for three years from the effective date of the policy. This mandates a need for strong sales and underwriting processes.

Intermediary accountability: insurers are now responsible for all acts and omissions of their agents, including violation of the code of conduct specified by the regulator. This mandates closer monitoring of intermediary activities.

Increased penalty: insurers are liable for a penaltyof up to US$150,000 for the acts and omissions of their agents. Similarly, a standard penalty of up to US$3.8m has been included for failing to comply with the obligations of the rural or social sectors or TP insurance of motor vehicles. This may see some insurance companies implementing business strategies to comply with the obligations, thus resulting in increased rural penetration levels.

The regulatory and legislative environment that is conducive to growing the economy and continuing its lucrative proposition for foreign investments is already reaping benefits. With a host of activities in the insurance investment space and expectation of further interest from several foreign insurers, this industry is poised for growth.



2001 → **2010** → **2014**

Growth journey so far

- Total premium rose from USS7b to USSa7b CAGR of 23%
- Penetration increased from 2.15% to 4.4% (life) and 0.1% to 0.7% (nonlife)
- Number of players rose from 13 to 44
- Agency and corporate agency were the key distribution channels

- Total premium in FY 2014: USS61b
- CAGR 6%
- Penetration shrunk 3.1% for life and 0.8% for ono-life
- 50 players (24 life and 26 nonlife)
- Alternate channels, such as direct and bancassurance, gained

Drivers

- Liberalizing the sector with FDI allowance of up to 26%
- Growth of economy and lucrative tax benefits-capitallized on unit-linked segment
- Entry by sereral foreign investors
- Regulations negatively impacting the nonlife sector around
- de-tariffivation and motar TP pooling; subsequent revival

- Slowdown in the economy
- Rise in inflation
- Changing needs of customers
- Shift of saving pattern from financial products to physical assets
- Stringent regulations governing distribution channels and products

Industry response

- Forging relationships with foreign insurers, leveraging their expertise
- Ramping up agency channel to cater to the growing demand
- Launch of health insurance segment as a separate vertical

- Exploring alternate channels for cost-effective distribution
- shift in product mix from unit linked to traditional
- Digitization to enhance customer focus and plug leakage

Future enablers and trends

Health ecosystem

Increasing awareness levels, inflationary health care costs and the rapid progression of medical technology are creating an untapped market potential. This requires building an ecosystem in collaboration with health care, insurers, regulators, government and customers.

Enablers:

♦ **Health care sector:** improve infrastructure to increase ties with third-party administrators, including IT integration and standardizing policy wording and rates, enabling insurers to better price their products and manage claims

♦ **Insurance companies:** improve customer servicing capabilities for claims management and enhance product-design focus on different segments and risk-based pricing to increase market penetration

♦ **Regulator:** continue to protect policyholders interests through health insurance products and expand efforts to include product innovation, better processes in group claims management, micro-segmentation and the creation of a central repository of information

♦ **Government:** several government initiatives through state government schemes have been launched in the past; however, awareness about the inclusions within these schemes remains low. The new government has launched new schemes to cover the masses though only a consultative approach with insurers and other providers will help spread awareness so that the intent of providing these offers reaches the right target segments.

♦ **Customers:** customers need to be proactive in understanding their basic needs and not just depend on an exigency or their corporate covers. Alongside legislative reforms, the vision for a profitable future is supported by current trends and future enablers, which will play a pivotal role in the industry. These trends and enablers are at different stages of maturity, including established, evolving and futuristic.

Conclusion:

Insurers worldwide are increasingly creating value by using digital tools and technology in a number of innovative ways. However, much of the potential value and the most significant opportunities for making digital a competitive advantage remain untapped. To unlock this potential, insurers should follow the example of leaders in digitally advanced industries, which take an enterprise-wide approach to digital and understand that digital is more than the sum of individual initiatives. In short, to reap the full benefits of the digital era, insurers should aspire to become digital firms.

Regional Imbalances in Institutional Credit with Special Reference to Agriculture Loan Segment in India.

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Abstract:

Credit growth in agriculture in India has been evolving over a period of time, mainly aided by a push from the government. Such lending has led to an increase in yield of farmers and provided them with much-needed cash to grow crops.

The agricultural development crisis reflected in reduced overall growth accompanied by declining productivity and profitability which has accentuated the general adversity in the livelihoods of small and marginal farmers; the root cause lies in high dependence of the population on agriculture and increasing marginalisation of land holdings. The subject becomes very relevant while dealing with agricultural credit as it forms the backdrop for answering very many demand-side questions.

The objective of the study is to make a systematic analysis of the evolution, trends and composition of institutional credit extended to the agricultural sector in India and the nature of inter-regional, inter-state and intra-state disparities prevailing in the distribution of farm credit.

Keywords: Regional Imbalance, Institution Credit, Agriculture Sector in India.

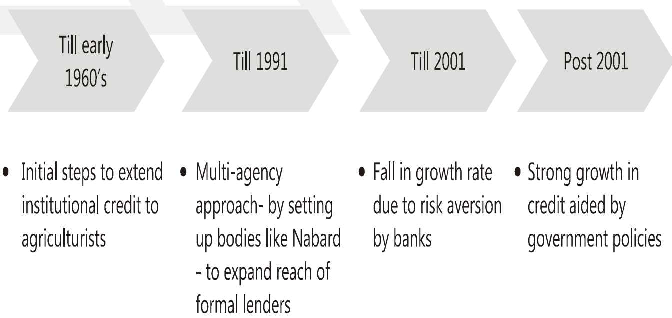
Introduction

Agriculture provides employment to about 48.9 per cent of the total workforce in India, but contributes only 15.2 per cent to the country's Gross Value Added (GVA). About 85 per cent of operational land holdings in the country are in the small and marginal categories, and the average size of an operational land holding is only 1.15 ha.

However, past performance of the agriculture sector in terms of growth indicated that the sectorial growth has been fluctuating across the periods. For example: The beginning of economic reforms in 1991, the GDP growth in agriculture sector has been highly volatile.

It has been proved from various studies that increase in the supply of agriculture credit lead to increase in the food production in the country. Eg: Green revolution, where the financial institutions played a major role by increasing lending to agriculture sector.

Various stages of agriculture lending in India through Financial Institutions



Stage 1: Initial stage of building foundation for agriculture lending prior to 1960

Reserve Bank of India started its operations on April 1, 1935 and has since played a pivotal role in structuring the financial institutions and agriculture cooperatives. The major hindrances during this era was lack of sufficient funds for financing and strong infrastructure. Farmers were deprived of timely access to credit.

A committee was formed to study the access of institutional credit to farmers and also conducted the All India Rural Credit Survey in 1954 (under the purview of RBI). The outcome of the survey paved the way for a wider role for commercial banks.

Stage 2: Growth stage for Institutional lending to agriculture sector from 1960 to 1990

Nationalisation of banks and introduction of priority sector lending norms in 1969, played pivotal role in harnessing the role of commercial banks

- Understanding the requirement of credit for sensitive sectors of the economy it was allocated certain portion of net bank credit to these sectors.
- Formation of Regional Rural Banks (RRBs) & Setting up of National Bank for Agriculture and Rural Development (NABARD) - an apex body for policy formulation and refinancing of agricultural credit

Stage 3: Maturity - Risk aversion leads to slower growth from 1990 till 2000-01

Post liberalisation in 1991, health of the financial system and status of rural and agri credit were reassessed on several occasions. While these assessments recognised the significant progress in expanding the network of financial institutions, the overall agricultural credit system was still characterised by low efficiency, rising delinquencies and low profitability. Consequently, many committees were formed through the 1990s to identify means to enhance efficiencies, apart from further widening the reach of formal lenders.

Stage 4: Post 2000-01

The subsequent decade, however, witnessed the fastest growth in credit offtake, mainly led by scheduled commercial banks.

In June 2004, the central government announced a slew of measures with an aim to double agri-credit over three years to Scheduled Commercial Banks, with a 30% growth in 2004-05, the credit offtake witnessed fastest growth. Some measures taken by institutes such as Government, RBI, NABARD and Indian Bank Association helped in maintaining the growth.

i) Interest Subvention Scheme

ii) Agriculture Debt waiver and Debt Relief Scheme, 2008

iii) Financial inclusion program

Major Categories of Agriculture Financing

Pre-harvest financing	• Short term loans for production of crops • Includes loans for seeds, fertiliser, labour, plantation and horticulture, etc. • Tenure is one crop season
Infrastructure financing	• Short term or long term loans • Includes loans for farm mechanisation, land devolopment, warehouse devolopment and evolopment of water resources • Tenure os one crop season to 18 months
Post harvest financing	• Short term or long term loans • Includes credit for warehouse recipet and food and agro processing units • Tenure is one crop season to 18 months
Allied activities financing	• Short term loans • Loans towards animal husbandry, poultry, sheep rearing, dairy, etc.

Literature Review

EPW Research Foundation (2007-08): The report examined the indebtedness of farmer households based on the nationwide surveys of National Sample Survey Organisation, reviewed size and nature of farmer indebtedness state wise and interstate disparity among farmer households.

RP Misra, KV Sundaram, R Prakasa (1974): examined that the Indicators of Disparities have confirmed that the national economy of India is seriously entangled into the cobweb of inter-State and intra-State disparities. These disparities are the direct offshoot of our neglect of spatial factors and lack of genuine regional planning. Since a sound regional economy makes a sound national economy, therefore, there is a pressing need for some pragmatic approach to combat the problem of regional disparities.

DR.S.Gandhimathi, DR.P.AMBIGADEVI & V.SHOBANA (2012) has examined that southern region had dominated the other regions of the country. The disparity is higher for the agricultural loan accounts than the agriculture credit. The states with higher state domestic product had greater amount of agriculture credit distribution.

Objectives of the Study:

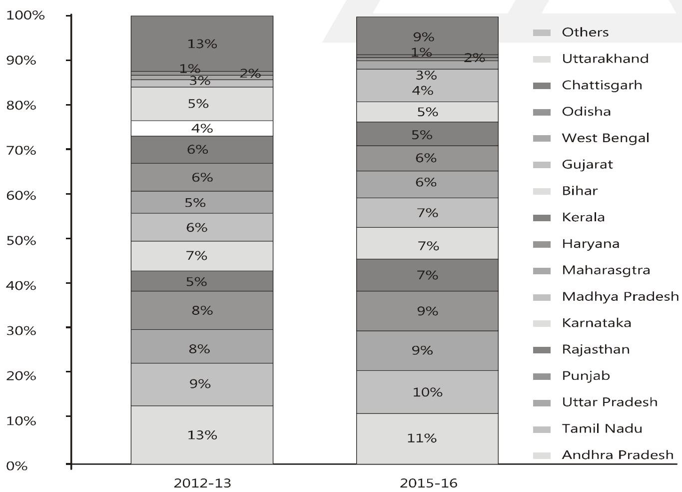
i) To study the regional imbalance with reference to the overall institutional credit flow to agriculture.

ii) To study the agriculture NPAs across the states.

iii) To study the agriculture NPAs in small & marginal farmers across the states.

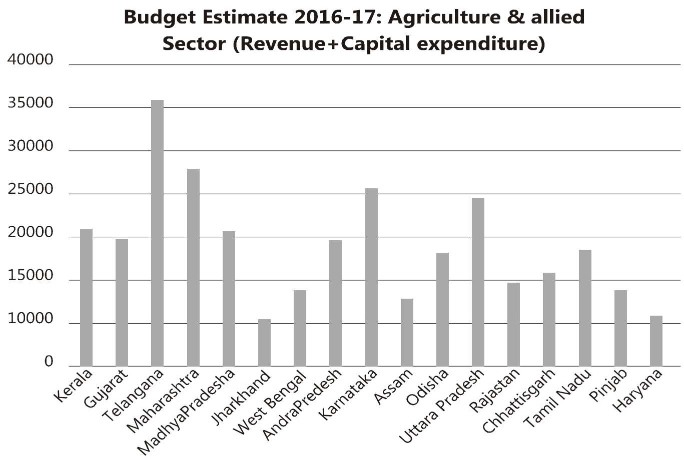
Analysis & Interpretation

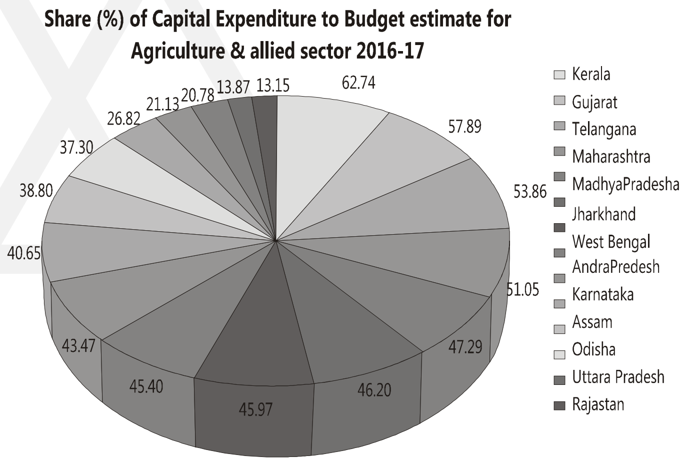
Agriculture credit has grown at to reach an estimated Rs 8.8 trillion in 2015-16. For 2016-17, expectation of good monsoons has led to an overall improvement in sentiment. In addition, the Ministry of Agriculture has also increased food grain production goal to a record 272 million tonnes from 252.2 million tonnes in the third advance estimate of 2015-16.



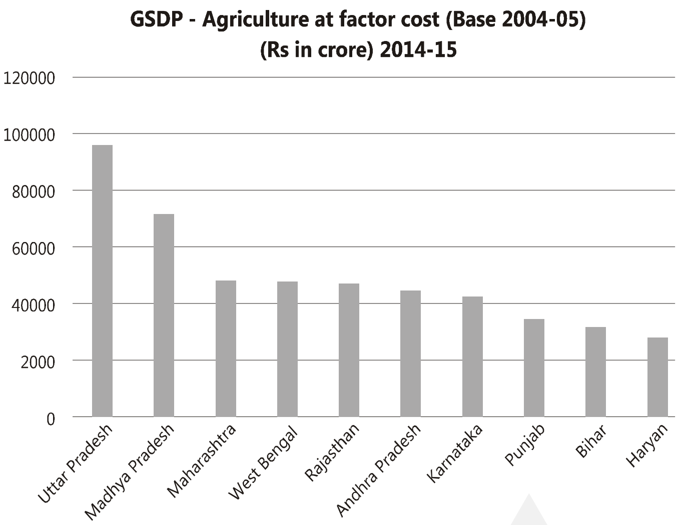
Note: Andhra Pradesh includes credit of Telangana

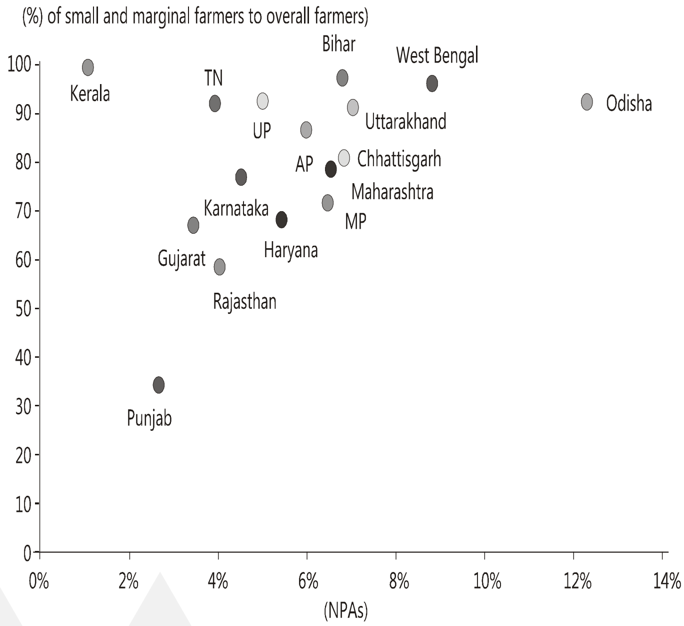
The bulk of credit disbursed for agriculture purpose is absorbed by 7 states namely Andhra Pradesh & Telangana, Tamil Nadu, Uttar Pradesh, Punjab and Rajasthan and Karnataka. However the overall share has changed over last few years due to strong growth seen in some states and weaker growth rate seen in others

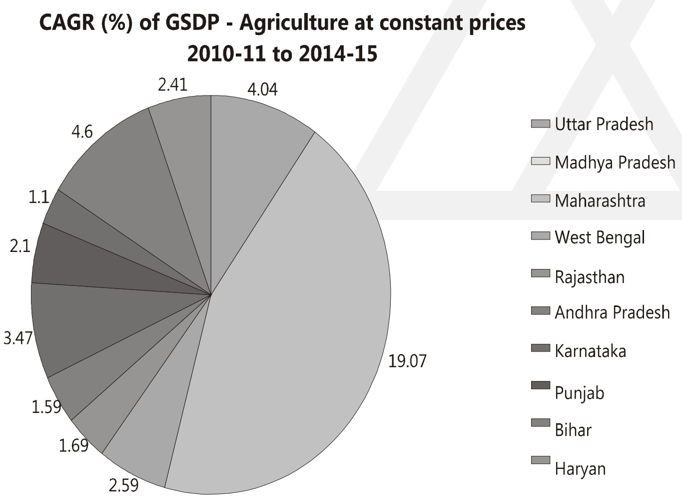




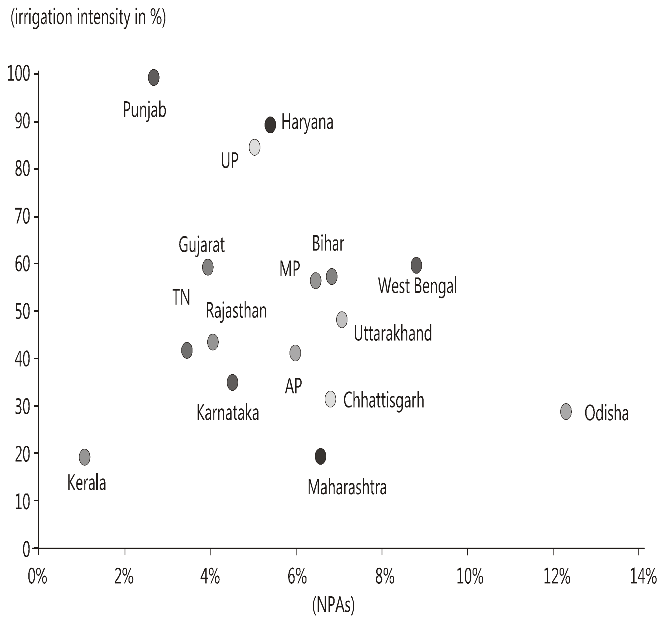
Considering the importance of agriculture and allied sector in increasing income and employment, and also achieving inclusive growth, it is imperative to increase investment in the sector. Hence, budgetary allocations for capital expenditure in agriculture and allied sector need to be increased by states. Budgetary estimates (2016-17) for capital expenditure in agriculture and allied sector in respect of select states are presented. The major states in terms of share of budgetary estimates for capital expenditure on agriculture and allied sector in the total budget for the sector are Kerala, Gujarat, Telangana, Maharashtra, Madhya Pradesh, Jharkhand, West Bengal, Andhra Pradesh, Karnataka and Assam.





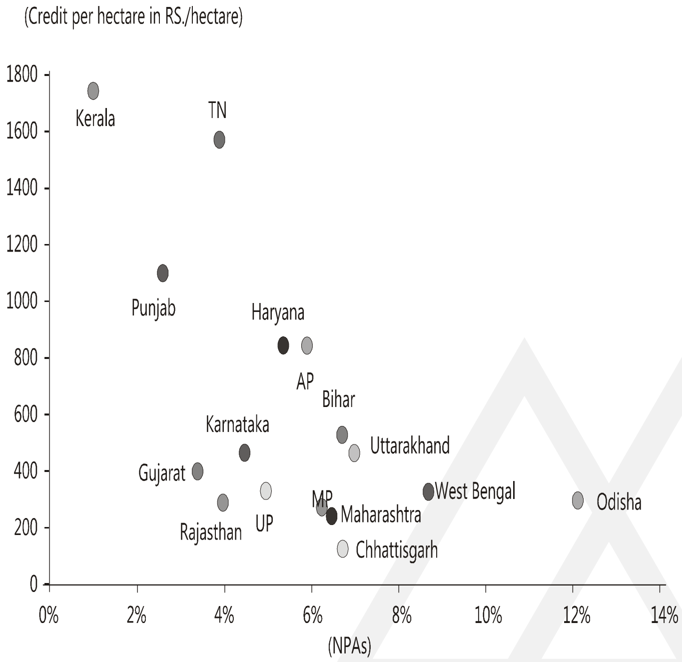


States with higher proportion of marginal farmers (more than 90%) such as Odisha, Chhattisgarh and West Bengal recorded NPAs above 8% as of 2014-15. Kerala is an exception with NPAs lower than 2-3%, despite high proportion of marginal farmers; this is due to high foreign fund flow in the state (from NRIs) and household farming by many families.



Inter-state disparities in agriculture are the reality with some states growing faster. Table gives growth rates and GSDP for 10 major states.

A state with higher irrigation intensity has ability to survive a bad monsoon. An exception to above is again a state like Kerela which receives multiple monsoons in a year and higher proportion of cash crop to overall cultivated area which leads to lower NPAs.



Thus, strong irrigation intensity and lower proportion of marginal farmers in various states lead to lower GNPAs and higher credit disbursal per hectare.

Conclusion: The share and credit growth of the agriculture and allied sector at the state level presents a very different picture. There has been visible shifts in the distribution of operational holdings, small and marginal farmers have increased their share. The sheer increasing number of farms pushes up the cost of delivery of the services, thereby increasing the cost of production, impacting the income from farms.

Higher credit intensive states with higher number of villages, borrowing members of co-operatives, higher amount of commercial and co-operative banks deposits, credit deposit ratio of commercial banks as per utilization, infrastructure development fund sanction, infrastructure development fund disbursement, non-performing assets of commercial banks and state domestic product were distinguished from the low credit intensive states.

Intensive focus on the eastern and north-eastern regions of the country, ushering in an “evergreen revolution”, and a “rainbow revolution,” agricultural marketing reforms, creating efficient agrivalue chains, promoting food/ agro processing industry, adequate and timely provision of agricultural credit will help in reducing the imbalance towards obtaining institutional credit for agriculture and coverage of farmers under an efficient crop insurance scheme.

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Impact of Business Ecosystem on Green Business

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ABSTRACT

An ecosystem is a complex network or interconnected system. The network of organizations, including suppliers, distributors, customers, competitors, government agencies and so on, involved in the delivery of a specific product or service through both competition and cooperation is known as business ecosystem. The purpose of the research has two objectives: firstly, to clarify the definition of "green business", secondly, to find out whether there is any impact of normal business ecosystem on the green business activities. It would also indicate the environmental awareness the fast food giants are portraying and the practices followed by them to make them to be called as a green business.

Key words: Green Business, Environmental Awareness practices

INTRODUCTION

ECO SYSTEM

An ecosystem is a complex network or interconnected system.The network of organizations, including suppliers, distributors, customers, competitors, government agencies and so on, involved in the delivery of a specific product or service through both competition and cooperation is known as business ecosystem. The idea is that each business in the "ecosystem" affects and is affected by the others, creating a constantly evolving relationship in which each business must be flexible and adaptable in order to survive, as in a biological ecosystem.

All business functions within an ecosystem because if they are not cooperation then they are competing. Competition can take place directly or indirectly. Therefore, a business that isn't actively competing may still be the target of a larger organization that is out to dominate the market, thus making the smaller business indirectly part of the ecosystem by its mere existence and production of a product or service.

GREEN BUSINESS OR SUSTAINABLE BUSINESS

Sustainable business, or green business, is an enterprise that has minimal negative impact on the global or local environment, community, society, or economy, a business that strives to meet the triple bottom line. Often, sustainable businesses have progressive environmental and human rights policies. In general, business is described as green if it matches the following four criteria:

1. It incorporates principles of sustainability into each of its business decisions.
2. It supplies environmentally friendly products or services that replace demand for non-green products and/or services.
3. It is greener than traditional competition.
4. It has made an enduring commitment to environmental principles in its business operations.

The Brundtland Report emphasized that sustainability is a three-legged stool of people, planet, and profit. Sustainable businesses with the supply chain try to balance all three through the triple-bottom-line concept-using sustainable development and sustainable distribution to affect the environment, business growth, and the society.

Sustainability is often confused with corporate social responsibility (CSR), though the two are not the same. Bansal and DesJardine (2014) state that the notion of 'time' discriminates sustainability from CSR and other similar concepts. Whereas ethics, morality, and norms permeate CSR, sustainability only obliges businesses to make intertemporal trade-offs to safeguard intergenerational equity. Short-termism is the bane of sustainability.

Green business has been seen as a possible mediator of economic-environmental relations, and if proliferated, would serve to diversify our economy, even if it has a negligible effect at lowering atmospheric CO_2 levels. The definition of "green jobs" is ambiguous, but it is generally agreed that these jobs, the result of green business, should be linked to clean energy, and contribute to the reduction of greenhouse gases. These corporations can be seen as generators of not only "green energy", but as producers of new "materialities" that are the product of the technologies these firms developed and deployed.

REVIEW OF LITERATURE

John Elkington TOWARDS A SUSTAINABLE CORPORATION: WIN-WIN BUSINESS STRATEGIES FOR SUSTAINABLE DEVELOPMENT

CaliforniaManagementReview, Vol.36 No.2, winter 1994; (pp.90-100) DOI: 10.2307/41165746

From the sustainable development policies of far-sighted governments to the increasing environmental awareness- and cynicism - of consumers, a range of pressures is being brought to bear on business to improve its environmental performance. This article traces the development of some of those pressures, highlighting industries in the firing line, and examining some of the concerns of consumers. It looks at the ways in which companies can turn the environment game into one in which they, their customers, and the environment are all winners. It also explores the rapidly expanding area of corporate environmental reporting, including forms of environmental disclosure, target audiences, and leading exponents of the field.

Aditya Ghose, Konstantin Hoesch-Klohe, LotharHinsche, Lam-Son Le GREEN BUSINESS PRECESS MANAGEMENT

We have provided a roadmap for research and development in this nascent area of carbon-aware "green" business process management. We have provided a detailed description of the machinery for assessing the carbon-footprint of process designs, and outlined how this might be leveraged in process improvement, both at the single process level and at the level of networks of inter-operating processes. There is much to be done, and this paper should serve as a call to arms.

With increasingly onerous legislative and regulatory environmental obligations that business processes must satisfy, compliance management has emerged as a critical component of green BPM. There are two key aspects of compliance management: (1) compliance checking and (2) noncompliance resolution. Both exercises could be conducted in the context of process designs or process instances. Design-time compliance checking requires us to establish that process designs do not violate compliance requirements while run-time compliance checking requires us to establish the same for process instances.

OBJECTIVES

1) To know the effects of carrying out green business activities.
2) To know the impact of business ecosystem on green business.
3) To provide any required suggestions after the analysis.

RESEARCH DESIGN

1) Sources of Data:

The primary data is collected by interacting personally with the businesses who have adopted the concept of green business and the secondary data is collected by various relevant websites and research articles.

2) Sampling Design:

   a) Population: The population taken into consideration are the fast food giants in Bengaluru.

   b) Sampling Frame: Fast Food giants in Mantri Square mall Malleshwaram, Bengaluru.

   c) Sample Size: 27 (employees)

   d) Sampling Technique: The method used to select the sample is a type of non-probability sampling named as Convenience Sampling.

3) Tools for Data Collection: Tool used to gather the required information of this study is questionnaire.

DATA COLLECTED (SECONDARY DATA)

STRATEGIES USED BY BUSINESSES TO GO GREEN

Not all eco-strategies can be incorporated into a company's Eco-portfolio immediately. The widely practiced strategies include:

1. Innovation & Technology

This introverted method of sustainable corporate practices focuses on a company's ability to change its products and services towards less waste production and sustainable best practices.

2. Collaboration

The formation of networks with similar or partner companies facilitates knowledge sharing and propels innovation.

3. Process Improvement

Continuous process surveying and improvement is essential to reduction in waste. Employee awareness of company-wide sustainability plan further aids the integration of new and improved processes.

4. Sustainability Reporting

Periodic reporting of company performance in relation to goals. These goals are often incorporated into the corporate mission (as in the case of Ford Motor Co.).

5. Greening the Supply Chain

Sustainable procurement is important for any sustainability strategy as a company's impact on the environment is much bigger than the products that they consume. The B Corporation (certification) model is a good example of one that encourages companies to focus on this.

BUSINESSES GOING GREEN

General Electric:

General Electric's presence on this list might surprise you, but the steps they have taken toward green operations are undeniable. Since 2006, the company has sold over $12 billion of its Ecomagination products (including solar panels). For those who are still upset at GE's polluting of the Hudson River with polychlorinated biphenyls, the company is also making headway on an ambitious cleanup of that area. Barring further setbacks, the river should be cleaned up to a much better state in just a couple of years!

McDonalds:

Time was not long ago when McDonalds wouldn't have come within striking distance of making this list. However, the increasing public shift toward greener living has sent a clear signal to the powers that be at the popular fast-food chain. Instead of ravaging the natural habitats of animals, McDonalds now works in close collaboration with PETA on systematically reforming its business practices to be more humane and friendly to the environment in which they operate.

Starbucks:

Starbucks has green advocates smiling about its "bean-to-cup" approach, which stresses top efficiency at each link of its global supply chain. By all measures the program appears to be a great success, with the company's decision to use coffee cup sleeves made of recycled paper saving roughly 78,000 trees per year since 2006. Starbucks has also partnered up with many environmental organizations, from Conservation International to the Earthwatch Institute, in efforts to do right by the communities it operates in.

Coca-Cola:

Coca-Cola has narrowed down 3 environmental goals on which to focus their efforts: water stewardship, sustainable packaging, and climate & energy protection. Each of these initiatives is detailed and explained at their corporate website. In just a few years, Coca-Cola has already gotten itself involved in community recycling programs and a complete, sustainability-focused overhaul of its packaging designs.

Continental Airlines:

Continental Airlines has spent over $16 billion in the last decade to replace its entire fleet of airplanes with more fuel-efficient ones, in addition to installing fuel-saving "winglets" that cut emissions 5% on its 737 model aircraft. Beyond that, nitrogen oxide emissions from Continental's busy Houston hub have been sliced by an astounding 75% since the year 2000. Continental might also be the only company with 12 full time "staff environmentalists" on the payroll who are constantly pairing up with engine manufacturers to design greener, more efficient processes into company operations. And is if this weren't enough, the company makes a point of sorting all of its trash to see what can be recycled.

Wal-Mart:

Possibly the most hated name in the entire green movement, Wal-Mart is now positioned to make all but the most dogmatic of its detractors eat their words. According to Sustainablog, Wal-Mart has launched an ambitious long-term plan to eventually power each and every one its stores using 100% renewable energy sources. According to the company's executives, Wal-Mart is committed to using its waste-eliminating corporate philosophy to make its own operations more eco-friendly than ever.

PRIMARY DATA:

A survey was conducted on the employees of the Fast Food giants in Mantri Mall in Malleshwaram, Bengaluru as to find out whether there is any impact of the general business ecosystem on the business which are conducting green business activities, and the below data was collected:

Questions	Yes	Percentage	No	Percentage
Are you familiar with the term green business (sustainable business)?	16	59%	11	41%
Are you aware of the initiatives carried out by your business to go green?	27	100%	0	0%
Do you advertise/ market/display the initiatives?	20	74%	7	26%
Does it help you to attract more customers?	27	100%	0	0%
Have you done anything different which other businesses haven't done in order to go green?	25	92%	2	8%
Are there any other green business initiatives which are to be carried out in future by your business?	20	74%	7	26%
Were there any changes in the activi ties of the business after implementation of the green business activities?	19	70%	8	30%
Are there any draw -backs or hurdles in implementing green business activities?	4	15%	23	85%

Were there any responses from your competitors after implementing of green business activities?	22	81%	5	19%
If yes, Did the response benefit your businesses and helped the purpose of going green?	26	96%	1	4%
Did the implementation of the green business activities affect your raw materials suppliers?	21	78%	6	22%
If yes, was it beneficial for your business?	24	89%	3	11%
Were there any changes in the management?	19	70%	8	30%
If yes, did you as an employee were benefited by it?	19	70%	8	30%
Is there any separate team to carry out the green business activity?	0	0%	27	100%
If given an opportunity, would you recommend any changes in the present green business activities of your business?	27	100%	0	0%
Is there any policy where your business educates about going green?	24	89%	3	11%
Were there any negative impacts on your business because of implemen -tation of the green business activities?	0	0%	27	100%
Would you recommend your business to take up more green business activities?	9	33%	18	67%

The above figures clearly suggest the weight-age green business activities have on the businesses. The yes and no percentages have been calculated to give a clear picture as to how the taking up of green business activities affects the businesses of the famous fast food giants.

I have tried to cover up all the major factors which would affect the business's daily activities. The employees were fairly co-operative and on the basis of their response and the information provided by them by filling up the questionnaire, the below findings have been listed.

FINDINGS:

1) The term 'green business' being a recently introduced term in the business world, many do not know it unless and until explained about it.
2) Most of the green activities are similar in nature when compared.
3) The employees are not considered or involved while taking up any green activity.
4) The regular employees are the one who carry out these activities.
5) The advertisements of the green initiatives are not done publicly. It is only known by the customers who visit these businesses.
6) There are mostly positive effects by the external environment of the business which has proven to be beneficial for them.
7) The internal environment has not changed much by the implementation of the green activities.
8) Point no.6 and 7 suggest that the businesses are not doing enough which could bring about a change in the business world.
9) There are changes to be made in the current green business activities carried out by the business.
10) There are only a few plans to take up some other green activities.

SUGGESTIONS

1) There should be some different activities to contribute to the environment which are not common in nature.

2) There should be a different team for conducting the green activities so that the business can be properly concentrated and it also reduces the burden from the full time employees.

3) There should also be a proper research as to what are the actual basic needs which are not being fulfilled by the business's environment and efforts to reduce that gap should be done.

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Case Study

The Move to 22nd Century- A Quest for Viable Transformation

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Dr. Rajesh. C, Associate Professor, Acharya Bangalore B School, Bengaluru

Case Vignette

Business Management students are constantly molded towards understanding that organisations are more than just a 'calm water simile', and as Stephen Robbins puts it in his book, it's more of a 'rough water simile'. Organisations are constantly changing and facing new challenges, by constant improvisation and market competition. The entire 21st century was shaped through the lacunae and constant developments from nineteenth century scenario.

So, now we are at the pedestal of entering the next century and already we are witnessing the last century's developments become rudimentary. We are now subjected to understand the new concept of 'Business Ecosystem'. As the shape of competition and markets are changing through the change of customers' behaviour, these organisations are now searching for viable transformation which will enable them to be catapulted to market leader position.

Now, top management teams have almost universally embraced the notion that their firms must innovate not only at the level of products and services but at the level of business models. Rethinking the fundamentals of how a business creates and captures value wasn't a priority in an era of slow change and stable industries, but during a time of rapid convergence of enabling technologies, customer desires, and business ecosystems, it now must be. As early as a decade ago, an Economist Intelligence Unit survey found a clear majority of executives saying that business model innovation would be more important to their companies' success than product or service innovation (Franklin).

Ecosystems are dynamic and co-evolving communities of diverse actors who create new value through increasingly productive and sophisticated models of both collaboration and competition. Leaders are taking lessons from the startup playbook on "minimum viable products" to launch minimum viable transformations-lightweight and readily adaptable versions of potential new business models.

Today, it seems the exception to find a strategy session that does not include challenges to-and ideas for reinventing-existing business models. Predictions are perilous, but one thing we know for sure: the pace of change in the next few years will be relentless. The companies that best understand the dynamics of this change and adapt fastest to the emerging business landscape will be the likeliest to prosper. Yet the dramatic shift toward understanding that business model transformation must be done hasn't been matched by an understanding of how to get it done. Excellent scholarship has defined what business models are and created a rich case file of innovative ones. But especially for established companies, the path to a new and different business model is far from clear.

This is why a trend we now see emerging is important to track. An analog to a proven approach in launching successful offerings-the use of "minimum viable products"-it has companies pulling together the essential elements of new business models into barely working prototype models, specifically designed to test key risks. Tomorrow's most impactful business model changes are starting their lives now as minimum viable transformations.

What's behind this trend?

Businesses now need to change more frequently and in more fundamental ways. They are experiencing intensifying competition, an accelerating pace of change, and growing uncertainty stemming from the increasing frequency of unanticipated extreme events (John Hagel). All this adds up to mounting performance pressures. For evidence, if we look at economy-wide firm topple rates, growing stock price volatility, and serious erosion in the return on assets generated by public companies-a 75 percent decline since 1965. Across the past half-century of enormous technological advances, firm performance has been deteriorating, and the economy has become less predictable.

But fast, large-scale change is enormously risky. Looking around for reassuring precedents of business model transformation at scale, we find precious few examples. On the contrary, we often hear the opposite-stories of audacious initiatives which flew too close to the sun and fell flat, at enormous expense. One often-referenced study concludes that over 70 percent of all major transformation initiatives fail (Beer).

Implications

There is an implication that is observed. As management teams increasingly pursue business model innovation, they should instruct and empower their strategy teams to launch, and learn from, minimum viable transformations. They should consider the five principles outlined below.

1. Learn how to learn. The central idea behind a minimum viable transformation is to learn from a true field experiment what has to be fixed or put in place before the envisioned business model can succeed at scale. By "failing small," and in a controlled way, businesses might gain tremendously useful information from the market before choosing which capabilities to scale. The in-flight learning continues through subsequent iterations and trials, allowing the business to keep adapting as the broader ecosystem in which it is situated responds and reacts to its new business model. As Chuck Schwab said in 2013, "If you are an innovator, you have to make mistakes. But if your clients don't like it, you withdraw it quickly."

In other contexts, this data gathering and analytic approach has been called "double-loop learning," a term coined by business theorist Chris Argyris. Rather than just "detecting error" against a pre-defined plan, double-loop learning allows the underlying plan (or the transformative strategy behind capability building) itself to be called into question.

2. Pick up speed. There's a reason things have to be kept "minimal." It's because the learning has to happen fast. All the more so because, as soon as a company has created any instantiation of the idea it is pursuing, it has shown its hand to competitors- who are then in a position to learn from the market's reception to it, too. Business literature is full of examples of companies who observed changing dynamics, under-stood pretty well how their ecosystems were evolving, and committed to major transformations-but simply allowed too much time to pass in planning all the details before actually making concrete moves.

3. Embrace constraints. There is a rich literature concerning the counter intuitive effect of constraints on creativity. Much evidence suggests they don't foil it; they fuel it. Perhaps most recent has been the celebrated concept of "jugaad" in emerging markets. A Hindi word, it essentially means "over-coming harsh constraints by improvising an effective solution using limited resources." While no one would advocate putting an innovation team on a starvation diet, it's worth noting that the very constraints we've been talking about here-minimal bells and whistles, and scarce time-can be the key to forcing extreme creativity. At the very least, they compel a focus on the goal-the need to learn and reduce risk around some key point-and force designers to weed out nonessential elements.

Many multinational organizations are finding success in resource constraints as they expand to emerging economies. Such constraints force companies to rethink their business models to not provide "less for less" but to retain the benefits while reducing resource intensity. Such corporations have certainly struggled, but as the HarvardBusiness Review reports:

. . . the opportunities of the future on a street corner in Bangalore, in a small city in central India, in a village in Kenya... don't require companies to forgo profits. On the surface, nothing could be more prosaic: a laundry, a compact fridge, a money-transfer service. But look closely at the businesses behind these offerings and you will find the frontiers of business model innovation. These novel ventures reveal a way to help companies escape stagnant demand at home, create new and profitable revenue streams, and find competitive advantage.

In the realm of business model transformation, there is an even greater benefit of harsh constraints. They give the design team a reason, right up front, to seek collaboration and cooperation from others who will be part of a new business model's ecosystem. Ideally, these constraints can also give incentive for leaders to harness additional support from ecosystems of third-party participants who can provide complementary capabilities. It limits the number of in-house capabilities necessary for transformation and helps the company to mobilize innovation and experimentation from third parties seeking to participate in an emerging and evolving business model. Promoting ecosystem development from the earliest stages of business model transformation can help build collaborative, future-oriented logic into the very center of the new business; we expect that the most successful business models of the future will likely be those that have a significant ecosystem component.

4. Have a hypothesis. All transformation initiatives need a clear and simple articulation of both the need for change and the broad direction of change. This statement of direction helps leaders to identify key assumptions driving the change effort (assumptions that need to be tested and refined each step of the way) and to develop metrics that will help the participants in the initiative to measure progress in the short term and to learn in real time.

To accomplish such learning, minimum viable transformation efforts must have feedback loops in place for the collection and analysis of market-validated learnings. Such analysis is only possible, however, with an initial hypothesis already in mind. In other words, fully defined assumptions, strategies, and tactics are necessary to know what is being tested in the first place. Transformation leaders should be particularly invested in the initial stages of transformation where those conjectures are laid out, before the data begins to flow in and confirming (or disconfirming) analysis begins to mount.

5. Start at the edge. Earlier we related the story of State Street. One thing it teaches is that beginning transformation at the "edges" of a business is a more reliable strategy for change than attempting to directly transform the core. Any attempt to impose a fundamentally new business model in the existing core of the company is likely to invite resistance from existing power structures in the firm-often resembling antibodies rushing to oust an intruding virus-to come out in force. The core is where the bulk of the current revenue and profits are generated-who would want to take the risk of messing with the business model that supports the existing business?

Far better to find an "edge" of the current business-a promising new business arena that could provide a platform for show-casing the potential of a fundamentally different business model and that has the potential to scale rapidly. Crucially, the best edges will have the potential to become a new core, as the back-office capabilities eventually became for State Street Bank. Edges give the transformation team far more degrees of freedom to test and experiment with new approaches to evolving a fundamentally different business model.

Using these five key principles of minimum viable transformation thinking, companies may be able to bypass traditional barriers to transformation, ultimately allowing them to more effectively respond to mounting performance pressures.

What's next?

"Success is a powerful thing," says Intuit's Scott Cook. "It tends to make companies stupid, and they become less and less innovative." The big problem is that it's a form of stupidity that, in the moment, can feel very smart. High-flying companies with so much to lose become cautious, their every move carefully considered.

The cure for too much risk aversion can't be reckless abandon. The search for better knowledge of what works-of how to de-risk opportunities to the extent possible while increasing speed-will continue, because the imperative to transform will continue. Performance pressures will only continue to mount, and with them the need for more frequent and fundamental change by enterprises.

Translating the practice of using minimum viable products to the higher level of testing transformation ideas is part of this, but we don't expect it will be the only part. Expect more "scaling up" of the approaches proving valuable to innovators in entrepreneurial settings and at the level of product and service innovation. The core principles of the mini-mum viable product-validated learning, rapid prototyping, frugal creativity-can help organizations limit the shortcomings of traditional transformation programs.Minimum viable transformations can reduce risk and increase speed, better enabling business model transformation at scale.

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Book Review

Straight from the Gut

Dr. Geevarathna, Associate Professor, Acharya Bangalore B-School, Bengaluru

Authors of the book: Jack Welch with John A Byrne

Welch, Jack. Jack: What I've learned leading a great company and great people (Kindle Location 10). Headline. Kindle Edition.

This book is a guide for managers who aspire to take over the challenges and lead organizations. Jack's experiences quoted will guide the reader to look at the issues and challenges of an organization in a different perspective.

Jack Welch, was the only son of Irish American railroad conductor. As a stutter Jack grew up in north of Boston and today is termed as the brilliant business magician, one of the most celebrated and respected CEO with a mind blowing business record. Jack Welch who joined as a 24 year old junior engineer fresh from PhD program, started as chemical engineer with General Electric in 1960 and then had been the CEO from 1981 to 2001 and John A Byrne, a senior writer of business week magazine.

The book is authored in a very formal style with lots of narrative. This book has 5 sections Viz., Section 1 Early years, Building a Philosophy, Section lll Ups and Downs, Section lV Game changers, Section V Looking Back, Looking forward. In the prologue of the book Jack explains how he travelled down his memories of being the successor of Reg Jones during December 1980's while congratulating the new successor Jeff Imlet. Being a CE of an array of business ranging from aircraft engines and power generators to plastics, financial services, medical Jack had all passion and guts to impart new thoughts and influence people with his passion. GE saw the heights of success during his reign.

The book starts with an event of realization in the early years of jack by his mother is quoted when he loses hockey match for 7th consecutive time as "If you don't know how to lose, you'll never know how to win. If you don't know this, you shouldn't be playing." Was an eye opener to jack and taught him how to value competition. Many of his basic management beliefs- things like Self Confidence, competing hard to win, facing reality, motivating people by alternately hugging and kicking them, setting stretch goals, and relentlessly following up on people to make sure things get done are influenced by his Irish mother. He quotes how Golf became his life time companion because of his father and other qualities from him the hard- work and good humor. This section also highlights the role of his professor in education, first few odd jobs in understanding business and how he decided on joining GE with his PhD.

Getting out of the pile: The struggling years of Jack where he realized that company pay was not justifying his contribution. Being a chemical engineer with good knowledge, Convincing his bosses and managers about the future of plastic and its applications was quite easy. But when this resulted in only $1000 raise, Jack decided to quit and spoke to his boss Coplan. But Coplan's Boss Reuben Gutoff called Jack and Jack had more answers on use of plastic than what Gutoff expected. Gutoff further added a raise by other $2000 to $1000, with an increase in responsibility and air cover from the bureaucracy and was successful in persuading Jack to not leave GE. Jack also learnt from Gutoff how differentiation is all about being extreme, rewarding the best and weeding out the ineffective. He quotes as "Rigorous differentiation delivers real stars - and stars build great businesses." Jack was out of Pile and started his successful career at GE.

Blowing the Roof Off :Jack's 3 year at GE in Pittsfield at his Pilot office had a huge blast and the explosion blew the roof off. No one was seriously injured but Jack had to explain why the accident occurred to Charlie Reed. Jack was all nervous and lost his confidence was shaken. Reed, one of the highest-ranking GE executive with hands-on experience in chemicals, a chemical engineer who served as Professor at MIT for applied mathematics before joining GE made Jack feel ease when he asked Jack to explain how the plant could be rebuilt. Jack learnt another lesson from this bosses boss "When people make mistakes, the last thing they need is discipline. lt's time for encouragement and confidence building." Jack was lucky again to be not involved in what he called the "GE Vortex". He was learning the art of when to hug and when to kick. His interactions and business trips with high level executives gave him more understanding on Global Intellect and tapping the great mind in the world no matter where it was located. One of his best learning was from his visit to India office and his executives opinion which he used as an example to challenge 170 top executives to think research labs were filled with scientists equal or better than those in US and in a lot more disciplines than software. His approach of promoting Halarc employees who developed a revolutionary new light bulb called "Halarc" which failed to be accepted commercially was not appreciated by many. The new plant of 450-acre site for making Lexan - GE's first engineered plastic was identified by Jack while he was on Sunday drive with his family. Later Jack narrates why he was called 'neutron Jack' and was promoted to big league as the youngest General Manager of GE.

Jack Welch's thought of being "No.1 or No.2 " mattered most to him. People who were arrogant or pompous didn't last very long. It was all not that easy, and Jack with few of other Corporate Executive council shared a hatred for bureaucracy. He called them GE Careerists and Mainstreamers. Iack was best at story telling the reality and slowly gained listeners. One night while Dining he Drew the "Vision Thing" over a napkin with 3 circles which got featured on Forbes magazine in a cover story of March 1984 , later this guided his many meets and strategies. His new ideas of investing $1 million on Gym to bring together all shapes, sizes, layers and functions, $25 million into guesthouse, conference center with the story of Crotonville. All this in proving GE was on its way to excellence to be a world class company. Spending millions on buildings that made nothing, while closing down uncompetitive factories that produced goods. Fixing the not so well performing company, selling off and reinvesting in other sectors which had future to manage GE businesses, and being a leader got Jack few paradoxes like "Neutron", " Tough Boss", "immoral", There were places where Jack didn't want to be number 1 or 2 like when the Fortune Magazine put him on top of list of "The Ten Toughest Bosses in America".

Revamp: Any organization that thinks it can guarantee job security is going down a dead end. Only satisfied customers can give people job security. Not companies. Bringing the employee numbers from 411,000 in 1980 to 299,000 in 1985 which resulted in job loss of 1 employee in every 5 businesses for productivity reasons. Resolving and giving the right direction to GE Capital, Legal arena, NBC, Medical Equipment, Semiconductor business, TV Manufacturing, Aerospace, e-business, Six-Sigma and the RCA's strategic win to reach 48 million households with 20 satellite and cable systems. While Jack won many companies through the strategic moves he also had a failure what he calls as merger of 28 years with his Wife Carolyn during 1987 and married again in 1989 Jane Beasley, an attractive attorney who was 17 years younger to Jack. Jack said he badly needed a full time partner. He divorced lane in 2001 as their lifestyles had substantially diverged. Jack always respected the people in his life and let them make choices what was best for them.

Jack took GE to global by having business in Europe, Mexico , Japan, India and he remarked this Globalization as Boundaryless behavior which allowed ideas to come from anywhere. GE's Six Sigma training staff to be "Black Belts", Green Belts" to solve them everyday problems at work, strategies and policies helped GE save $150 million in their first year alone. The CEO Thing: Like any other jobs has its own pluses and minuses the CEO feel gave Jack -Over the top. Wild. Fun. Outrageous. Crazy. Passion. Perpetual motion. The give-and-take. Meetings into the night. Incredible friendships. Fine wine. Celebrations. Great golf courses. Big decisions in the real game. Crises and pressure. Lots of swings. A few home runs. The thrill of winning. The pain of losing. At last it was all about identifying Jeff as the New Guy what Jack and his team called secretly as "NG" to be an ideal CEO.

Things that worked for Jack and made GE successful

- Integrity, Social Responsibility, People first-Strategy Second, Informality, Self-Confidence Passion, Celebrations
- Setting a Tone, Maximizing the Organization's intellect, Stretch, Aligning rewards with Measurements
- Differentiation develops Great Organizations, Owning the People, Culture Counts
- Strategy , Competitors, The Field, Market vs Mind-sets, Initiative v/s tactics, Employee Surveys
- Managing Loose Managing Tight, Wallowing - Getting people together, Forget the Zeros

Some of Jack's strong beliefs were:

- Everyone you meet is another interview.
- Needing to be hard in order to be "soft"
- We build great people, who then build great products and services
- Differentiation is good which he proved with his 'Vitality Curve' Top20-Vital70-Bottom10 and Type A-B-C players to evaluate the Talents.
- GE's 4 -E's : Energy, Energize, Edge and Execute
- Integrity first and nothing came before it.