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FROM THE DESK OF THE EDITOR

Greetings and Best Wishes,

Time flies, after 12 years of regular publication 13th issue is tabled for you all.

I take this opportunity to thank all contributors and readers for making Gurukul Business Review (GBR) an astounding success. The interest of authors in sending their research based articles for publication and over whelming response received from the readers is duly acknowledged. I owe my heartfelt gratitude to all the management institutes for sending us their journals on mutual exchange basis, and their support to serve you in better way.

I am very happy to place the following articles and case study of GBR academic journal with the impact factor of 1.223 rated by IIFS in 2015:

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As the editor, I also want to thank the authors, the university administration, board of editorial advisors, reviewers and my editorial members for their contributions that has really made the journey to complete uninterrupted 13 years in publication. For more information on our editorial or the journal statistics or call for papers or any other aspects of the journal, please visit our website at www.gkv.ac.in

Thank you for your time and consideration. Be our partners and make this journal part of your life of ideas, thoughts and practice.

Happy reading.

(Pankaj Madan)

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RELATIONSHIP BETWEEN PROFITABILITY AND CAPITAL ADEQUACY OF PRIVATE SECTOR BANKS IN INDIA

Abhay Singh Chauhan*
Prof. S.K. Singh**
Dr. Anil Dangwal***

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- Keywords
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- Objectives
- Research Methodology
- Results & Analysis
- Conclusion
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ABSTRACT

Capital Adequacy Ratio is the indicator of financial soundness. The present study investigates the relationship between Capital Adequacy Ratio and Profitability of Indian Private Sector banks. The study examines the impact of Interest spread, Return on the Long-term fund, Return on Net worth, adjusted return on net worth, adjusted cash margin, Net profit Margin, Return on Assets including revaluation and excluding revaluation on Capital Adequacy Ratio. The secondary data of the top 15 Indian private banks was collected from the period of 2012-2016. A stepwise Regression model was applied to know the relationship between the independent and dependent variables. Results indicated that Adjusted Profit Margin (APM), Return on Net Worth (RONW), Interest Spread (INTSPD), Return on Assets Including Revaluations (ROAIR) have a significant positive relationship with CAR.

KEYWORDS: Capital Adequacy ratio, Profitability ratios, Stepwise Regression.

INTRODUCTION

Post independence era has witnessed a drastic change in the banking industry. As we all know that financial service is the backbone of service sector but it is not limited the banking sector only rather it applies to the whole economy of India. Banking has become the most integral part of activities as most of the activities in every country are done with the help of finance and bank act as a major player in terms of managing finance. With the current competitive

environment, the functional areas of banks have also been changed as it is now providing the services at the customer's doorstep. Because in this competitive environment sustainability becomes the major aspect of every sector and to do so better customer service is compulsory.

After the Liberalization in 1991, the scenario of India has totally been changed due to increase in competition in every sector. The banking sector has also faced a lot of challenges and changes after this period. One of them was the removal of state intervention from this sector. Every industry has started focusing more on customer satisfaction with the help of service quality. Many times several banking institutions have experienced the increased level of customer dissatisfaction. The capital which banks always maintain with themselves as per the guidelines of the financial regulator is known as a minimum capital requirement. Banks encounter to various types of risks like credit risk, market risk, and operational risk while granting loans and advances to various sectors. Risk management is necessary for the banking industry and that is the reason to maintain capital adequacy ratio in banking. In order to absorb any kind of losses, it becomes imperative that banks should have sufficient amount of capital. If banks have adequate capital, then it can protect its depositors and creditors from unexpected contingencies as well promote the stability and efficiency of financial systems (Fatima 2014). In the year 2009 global financial crisis took place due to the insolvency of the bank. Adequate capital in banking develops the confidence among the depositor that their money is in safe hand and the bank will give a fair return on it.

Internationally accepted norms for capital adequacy standards developed by BCBS. The Basel Committee on banking Supervision is a committee of banking supervision. It strengthens the norms. Regulations and risk management of the banking sector. BCBS published guidelines in Basel I, II & III. Basel, I focus only on credit risk, Basel II deals with the market and operational risk whereas Basel III focuses on transparency, quality, and consistency of the capital base.

As the capital adequacy play an important role in the

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financial sector in the same way without profit no bank can survive. Profitability is the measure of efficiency, how the bank is efficient to use and manage its resources to earn a profit. There is a big question that whether the capital adequacy affects the profitability of the bank. Literature revealed the double insight in this area. Some researcher found and stated high capital adequacy leads to high profitability and other studies revealed the negative relationship between profitability and capital adequacy ratio.

This paper attempts to find out the relationship between profitability and capital adequacy ratio. Interest spread, Return on Long-term fund, Net profit margin, Adjusted Cash margin, Return on Net worth, Adjusting return on net worth, Return on Assets including revaluation and excluding revaluation are taken as profitability measures and tries to find whether Capital Adequacy affects to the profitability of Indian private banks.

CONCEPTUAL FRAMEWORK

PROFITABILITY RATIO: Profitability is the ability to earn profit from the business activities of an organization. It is concerned with the efficient uses of all resources in that manner so that company can earn more profit. Harvard and Upton (1991) profitability is the ability to earn a return on its investments. However, the term 'Profitability' cannot replace with the term 'Efficiency'. Profitability is an index of efficiency, and it can be used as the measure of efficiency. Profitability ratios include return on sales, return on investment, return on assets, return on equity, return on capital employed, gross profit margin and net profit margin. All of these ratios indicate the efficiency of generating profits or revenues relative to a certain metric. Different profitability ratios provide useful insights of the financial performance of a company.

Interest Spread: Interest spread is the difference between the interest earned and interest paid by commercial banks on its lending and deposits. It is also known as the difference between average lending rate and the average borrowing rate for a bank or other financial institution.

Formula: $(\text{Interest earned}/\text{Interest earning assets}) - (\text{Interest paid}/\text{Interest bearing liabilities})$

Net Profit Margin: Net profit margin is one of the most important indicators of financial performance of business. It is the relationship between net profit and revenues. It is expressed in percentage; it makes it possible to compare the two or more business profitability. It also provides a clearer picture of how

profitable a business is than its cash flow, and by tracking increases and decreases in its net profit margin, a business can assess whether or not current practices are working.

Formula: $\text{Net profit margin or ratio} = \text{Earning after tax} * 100/\text{Net revenues}$

Return on Long Term Fund: Return on long-term fund invested by the bank is another important indicator of profitability. It is the relationship between Net profit and long term funds invested. This ratio indicates the return earned on the long-term fund.

Return on Net Worth: Return on net worth is a measure of a bank's profitability because, on the basis of returns, shareholder decides to continue their investment. This ratio indicates the return earned by shareholders on their investment in the bank.

Formula: $\text{Net Profit-after-tax}/ \text{Shareholder capital} + \text{retained earnings}$

Return on Assets Excluding Revaluations: Return on Assets ratio measures how the company manages its assets to earn profits. It is the measure the net profit earned by total assets without the consideration of revaluation in the price of assets.

Return on Assets Including Revaluations: Over the time the value of assets is increasing or decrease and if profit is measure on the revalued price of assets it is the return on assets including revaluation.

Capital Adequacy Ratio: Capital Adequacy Ratio is an indicator of the financial soundness of the banking system. It is the relationship between bank's capital and its risk-weighted assets ratio. The capital adequacy ratio is decided by the central bank and as per the Basel III stipulated a capital to risk-weighted assets of 8%. However, as per RBI norms, Indian scheduled commercial banks are required to maintain a CAR of 9% while on the other hand, Indian public sector banks are forced to maintain a CAR of 12%. The RBI used capital adequacy ratio as a significant factor which protects banks against insolvency. It is the indicator of Safety and Stability for banks and depository institutions because they view capital as a guard or cushion for absorbing losses (Abdel-Karim, 1964). It is used to absorb the unforeseen reasonable amount of losses due to risk investment. Capital adequacy ratio can be measured as:

$$\text{CAR} = \frac{\text{Tier I} + \text{Tier II} + \text{Tier III capital (capital funds)}}{\text{Risk Weighted Assets (RWA)}}$$

Tier I capital is the capital that is permanently and

easily available to reduce losses suffered by a bank without it being required to stop operating. It includes paid-up capital by issuing of ordinary shares, statutory reserves, Non-cumulative Preferences shares, capital reserves and disclosed free reserves. It provides more protection to depositors. The element of tier 2 capital is revaluation reserves, undisclosed reserve, general provision and loss reserve and investment reserve account. In the case of the bank is winding up, Tier II capital provides a lesser degree of protection to depositors and creditors. Tier III has arranged the market risk such as changes in economic variables, interest rate, exchange rate etc. The risk-weighted assets include credit risk, market risk, and operational risk.

Review of Literature

Olalekan and Adeyinka (2013) studied the relationship between capital adequacy ratio and profitability of Nigerian banks and found that Capital adequacy has a significant positive relationship with Profitability although the relation is not always constant for domestic and foreign banks. But the impact of Profitability on Capital adequacy ratio is insignificant. Findings suggested that the Capital adequacy ratio is one of the important determinates of profitability of banking industry and to maintain the profitability the process and the measures of risk management should be more tightened and effective.

Agbeja, O. et al. (2015) explained capital adequacy ratio as the valuable tool for assessing the soundness of banks. He investigated the relationship between capital adequacy ratio and profitability of banks. In this study, Equity capital reserve was taken as a proxy of capital adequacy whereas net profit after tax was used as the measure of profitability. Results indicated the positive relationship between independent and dependent variables and found that Higher the capital adequacy ratio leads to higher profitability in banks. Banks with higher equity capital maintain public confidence to fulfill the credit needs of customers and perceived to more safety of funds among the depositors.

Aymen (2013) studied the impact of capital on financial performance measured by Return on assets, return on equity and Net interest margin and found the positive relationship among the variables but the significant relationship was found between Return on assets and capital only. The study concluded that high capital allows more investment by banks that may possibly lead to higher return on assets. The positive but

insignificant relation was found between return on equity and capital adequacy. The increase in capital also increases the ability to absorb the shocks and expected a loss and the dependency of external finance go down. Banks that has huge capital reduces the cost of capital which positively affects to return on equity.

Vyas et.al. (2008) found the strong and positive significant effect of capital to risk-weighted ratio, net interest margin and non-interest income on return on assets as a proxy of profitability of commercial banks. The findings indicated that capital adequacy ratio affects the profitability of commercial banks in India. The well capitalized commercial banks may increase the revenues by reducing their cost of funding and cost of bankruptcy. The results also revealed that increase in net interest margin has a positive effect on return on assets.

Yahaya et al. (2016) studied the financial performance and economic impact on capital adequacy. A model was developed to know the effect of a number of key variables of financial performance and economic factors. Results indicated that return on equity has significant positive impact on capital adequacy ratio whereas total loan shows a negative relationship with CAR.

In an another study Bateni, L. et al.(2014) found a positive significant relationship between Return on assets and bank capital but Return on equity has a negative effect on the capital adequacy of Iranian banks. It indicates that if Return on equity increases the bank capital will decrease. They argued that there are various determinants which affect the capital adequacy ratio like risk assets ratio, loan assets ratio, deposit assets ratio.

Gropp, R., & Heider, F. (2010) suggested that more profitable banks tend to have more capital relative to assets. Return on assets is considered as one of the important measures of profitability and results shows the positive impact of return on assets to the capital structure of the bank. Generally, banks have to rely mainly on retained earnings to increase capital. ROA and the capital adequacy ratio is most likely positively related because a bank is expected to have to increase asset risk in order to get higher returns in most cases.

In a study, Bhatia, A. et al. (2012) found out the significant positive relationship between Spread ratio, CD ratio, and profit per employee, capital adequacy ratio and non-interest income as independent variable with Profitability (ROA) as dependent variable with the

help of Backward Stepwise Regression Analysis as a tool and concluded that if banks concentrate on these variables, the profitability level will rise to a significant level.

Büyüksalvarci, A., & Abdioglu, H. (2011) tried to find out the determinants of Capital adequacy ratio and its impact on financial performance of Turkish banks and with the help of panel data analysis results shows that profitability (ROA & ROE) has a positive significant effect of capital adequacy ratio.

Ikpefan (2013) tries to investigate that whether there is an effect of the bank Capital adequacy ratios, management, and performance in the commercial banks of Nigeria. For this the objective of the study was to determine the impact of CAR on bank's performance and found out that CAR (shareholder fund/net assets ratio) has a negative impact on profitability (ROA).

Research Gap

From the above reviews it has been observed that profitability has a positive significant effect on capital adequacy ratio but the major gap which was found that variables taken to measure the profitability were limited which do not provide the clear picture that which are the variables of profitability that determine the capital adequacy of private sector banks.

Objectives of the study

To find out the relationship between Profitability and Capital Adequacy Ratio. To open new avenues for further research.

Hypothesis

Null Hypothesis (H01): There is no significant impact of Adjusted Profit Margin (APM), Return on Net worth (RONW), Interest Spread (INTSPD), and Return on Assets Including Revaluations (ROAIR) on Capital Adequacy Ratio.

Null Hypothesis (H02): There was no significant relationship of Adjusted Cash Margin (ACM), Return on Long Term Fund (ROLTF), Adjusted Return on Net worth (ARONW), and Return on Assets Excluding Revaluations (ROAER) with Capital Adequacy ratio.

Research Methodology

Study: The study was causal in nature.

Population: The population was all the Private sector Banks in India.

Sample size: Sample size for the study was top 15 Private Sector Banks on the basis of Market

Capitalization listed in BSE during 2012 to 2016.

Sampling element: Individual Private Bank was sample element for the study.

Sampling Technique: Non-probability judgmental sampling technique was used.

Tools Used for Data Collection: Secondary data of Capital Adequacy and Profitability was collected from the official website of BSE

Tools used for data analysis: For the purpose of this study Stepwise Regression model was used.

Table 1: Stepwise Regression Analysis

Model	Variables Entered	Variables Removed	Method
1	APM		Stepwise (Criteria: Probability -of-F-to-enter <= .050, Probability -of-F-to-remove >= .100).
2	RONW		Stepwise (Criteria: Probability -of-F-to-enter <= .050, Probability -of-F-to-remove >= .100).
3	INTSPD		Stepwise (Criteria: Probability -of-F-to-enter <= .050, Probability -of-F-to-remove >= .100).
4	ROAIR		Stepwise (Criteria: Probability -of-F-to-enter <= .050, Probability -of-F-to-remove >= .100).

Dependent Variable: CAR

From the above table 1 of the value entered or removed, we can see that four models emerged. First Adjusted Profit Margin (APM) model was entered, on the second Return on Net worth (RONW) model was entered, then on the third Interest Spread (INTSPD) model was entered and at last Return on Assets Including Revaluations (ROAIR) model was entered.

Table 1.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square change	F change	df1	df2	Sig. F Change
1	.745 ^a	.555	.549	1.53944	.555	90.930	1	73	.000
2	.788 ^b	.621	.611	1.42909	.067	12.709	1	72	.001
3	.808 ^c	.652	.638	1.37936	.031	6.286	1	71	.014
4	.832 ^d	.693	.675	1.30625	.040	9.170	1	70	.003

a. Predictors: (Constant), Adjusted Profit Margin (APM)

b. Predictors: (Constant), Adjusted Profit Margin (APM), Return on Net Worth (RONW)

c. Predictors: (Constant), Adjusted Profit Margin (APM), Return on Net Worth (RONW), Interest Spread (INTSPD)

d. Predictors: (Constant), Adjusted Profit Margin (APM), Return on Net Worth (RONW), Interest Spread (INTSPD), Return on Assets Including Revaluations (ROAIR)

Table 1.1 displays R, R-square, adjusted R square and standard error; R is the correlation between the observed and the predicted values of the dependent variables. The value of R range from -1 to 1. The sign of indicates the direction of relationship (positive or negative). The absolute of R indicates the strength with a larger absolute value indicating a strong relationship.

This table of model summary indicates the value of R square in the First model which was found to be .555. As we have only one independent variable in the first model so we have indicated the value of R square indicating that Adjusted Profit Margin as an independent variable expanded 55.5% variance on Capital Adequacy Ratio(CAR). In the second model the value of Adjusted R Square which was found to be .611 indicating that Adjusted Profit Margin and Return on Net Worth as an independent variable expanded 61.1% variance on a Dependent variable (CAR). In the third model the value of Adjusted R Square which was found to be .638 indicating that Adjusted Profit Margin, Return on Net Worth, Interest Spread as an independent variable expanded 63.8% variance on a Dependent variable (CAR). In the fourth model the value of Adjusted R Square which was found to be .675 indicating that Adjusted Profit Margin, Return on Net Worth, Interest Spread and Return on Assets Including Revaluation as an independent variable expanded 67.5% variance on a Dependent variable (CAR).

Table 1.2: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	215.493	1	215.493	90.930	.000 ^a
Residual	173.001	73	2.370		
Total	388.494	74			
Regression	241.448	2	120.724	59.111	.000 ^b
Residual	147.046	72	2.042		
Total	388.494	74			
Regression	253.407	3	84.469	44.396	.000 ^c
Residual	135.087	71	1.903		
Total	388.494	74			
Regression	269.053	4	67.263	39.421	.000 ^d
Residual	119.440	70	1.706		
Total	388.494	74			

- a. Predictors: (Constant), Adjusted Profit Margin (APM)
- b. Predictors: (Constant), Adjusted Profit Margin (APM), Return on Net Worth (RONW)
- c. Predictors: (Constant), Adjusted Profit Margin

(APM), Return on Net Worth (RONW), Interest Spread (INTSPD)

d. Predictors: (Constant), Adjusted Profit Margin (APM), Return on Net Worth (RONW), Interest Spread (INTSPD), Return on Assets Including Revaluations (ROAIR)

e. Dependent Variable: Capital Adequacy Ratio (CAR)

The F statistics is the mean square divided by the residual mean square. From the above table of ANOVA, we can interpret that all the four models are significant (P value<0.05) indicating that all models are a good fit. But to find out the best fit model out of these models we can see the highest regression sum of square in the above four models and it was found that the fourth model whose regression sum of square was 269.053 as against the total value of 388.494 which is significant at 0.000 level of significance was highest out of the four models in which predictors are Adjusted Profit Margin (APM), Return on Net Worth (RONW), Interest Spread (INTSPD), Return on Assets Including Revaluations (ROAIR). So the difference was the significant and null hypothesis that there is no significant impact of Adjusted Profit Margin (APM), Return on Net worth (RONW), Interest Spread (INTSPD), and Return on Assets Including Revaluations (ROAIR) on Capital Adequacy Ratio was rejected and shows a significant relationship.

Table 1.3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		T	Sig.
		B	Std. Error	Beta			
1	(Constant)	11.630	.334			34.821	.000
	APM	.215	.023	.745		9.536	.000
2	(Constant)	11.528	.311			37.023	.000
	APM	.346	.042	1.198		8.184	.000
	RONW	.346	.035	-.522		-3.565	.001
3	(Constant)	8.987	1.057			8.500	.000
	APM	.330	.041	1.143		7.993	.000
	RONW	-.118	.034	-.495		-3.492	.001
	INTSPD	.350	.139	.179		2.507	.014
4	(Constant)	8.627	1.008			8.556	.000
	APM	.367	.041	1.273		8.960	.000
	RONW	-.132	.032	-.550		-4.061	.000
	INTSPD	.420	.134	.215		3.131	.003
	ROAIR	-.002	.001	-.224		-3.028	.003

a. Dependent Variable: CAR

Regression equation

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 +$$

Here, Y=Dependent Variable, X= Independent variable,

b=beta value of X, a= constant and =Standard error

So by calculating the regression line, we get
 $CAR = 8.627 + 0.367(APM) - 0.132(ROAER) + 0.420(INTSPD) - 0.002(ROAIR) + 1.008 = 10.288$
 From the above Regression line, we can interpret that when other things remain constant if we increase the profitability by 1 Unit then Capital Adequacy Ratio will increase by 10.288.

In the above table 1.3 of coefficient, for Adjusted Profit Margin (APM), Return on Net Worth (RONW), Interest Spread (INTSPD), Return on Assets Including Revaluations (ROAIR) as independent variable and Capital Adequacy ratio as dependent variable, the value of it came out to be 1.273, -0.550, 0.215 and -0.224 which are significant at 0.000, 0.000, 0.003 and 0.003 level of significance respectively i.e. P Value < 0.05 indicating a significant relationship.

Table 2: Excluded Variables

Model		Beta In	T	Sig.	Partial Correlation	Collinearity Statistics Tolerance
1	INTSPD	.198 ^a	2.587	.012	.292	.969
	ACM	.118 ^a	1.335	.186	.155	.766
	ROLTF	-.254 ^a	-3.012	.004	-.334	.773
	RONW	-.522 ^a	-3.565	.001	-.387	.245
	ARONW	-.013 ^a	-.133	.894	-.016	.701
	ROAER	-.138 ^a	-1.641	.105	-.190	.845
2	ROAIR	-.139 ^a	-1.658	.102	-.192	.846
	INTSPD	.179 ^b	2.507	.014	.285	.963
	ACM	.113 ^b	1.375	.174	.161	.766
	ROLTF	-.056 ^b	-.411	.682	-.049	.287
	ARONW	.110 ^b	1.194	.236	.140	.613
	ROAER	-.183 ^b	-2.371	.020	-.271	.826
3	ROAIR	-.184 ^b	-2.382	.020	-.272	.828
	ACM	.129 ^c	1.627	.108	.191	.761
	ROLTF	-.041 ^c	-.315	.754	-.038	.287
	ARONW	.131 ^c	1.472	.145	.173	.609
	ROAER	-.224 ^c	-3.024	.003	-.340	.801
	ROAIR	-.224 ^c	-3.028	.003	-.340	.803
4	ACM	.103 ^d	1.361	.178	.162	.751
	ROLTF	-.024 ^d	-.189	.851	-.023	.286
	ARONW	.102 ^d	1.191	.238	.142	.600
	ROAER	3.186 ^d	376	.708	.045	6.198E-5

From the above table 2 of excluded variables we can see that four variables of Profitability were excluded namely Adjusted Cash Margin (ACM), Return on Long Term Fund (ROLTF), Adjusted Return on Net worth (ARONW), Return on Assets Excluding Revaluations (ROAER) whose Beta value came out to be .103, -.024, .102 and 3.168 which are significant at .178, .851, .238 and .705 i.e. P Value > 0.05 indicating that there is an insignificant relationship of Adjusted Cash Margin (ACM), Return on Long Term Fund (ROLTF), Adjusted Return on Net worth (ARONW), Return on Assets Excluding Revaluations (ROAER) with Capital Adequacy ratio (CAR). Hence the null hypothesis there

was no significant relationship of Adjusted Cash Margin (ACM), Return on Long Term Fund (ROLTF), Adjusted Return on Net worth (ARONW), and Return on Assets Excluding Revaluations (ROAER) with Capital Adequacy ratio (CAR) was failed to reject.

Implication: The study is useful for the academicians who could take help in further studies in this field. This study is beneficial for all Private Sector Banks in India. The study will also guide all the beneficiaries of Private sector banks. This study is a useful contribution to understanding the relationship between Capital Adequacy Ratio and Profitability Ratio

Suggestion: This study is conducted taking into consideration only the Private sector banks of India. Therefore, it is suggested to conduct further study in a wider perspective.

CONCLUSION

The above study has identified the relationship of profitability and Capital Adequacy of private sector banks in India. In this study, we have seen that how different components of profitability ratio have made a significant impact on Capital Adequacy of Private Sector Banks. From the above results we have seen that Return on Net Worth, Adjusted Profit Margin, Adjusted Cash Margin, Return on Assets Including Revaluation, had shown a significant relation with Capital Adequacy showing that if Return on Net Worth, Adjusted Profit Margin, Adjusted Cash Margin, Return on Assets Including Revaluation of Private sector banks increases then Capital adequacy will also increase. Whereas on the other hand, Interest Spread, Return on Long Term Fund, Adjusted Return on Net Worth, and Return on Assets Including Revaluation had shown an insignificant relation with Capital Adequacy showing that if Interest Spread, Return on Long Term Fund, Adjusted Return on Net Worth, and Return on Assets Including Revaluation of private sector banks increases then Capital adequacy will decrease. It indicates that to maintain a significant amount of capital adequacy private sector banks needs to focus on Net Worth, Adjusted Profit Margin, Adjusted Cash Margin, Return on Assets Including Revaluation. Hence, Private Banks should take necessary measure to have a better relation with profitability and Capital Adequacy so as enhance the financial system of the country.

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LIKEABILITY OF TV ADS AMONGST URBAN CHILDREN

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ABSTRACT

This study is conducted to find out reasons contributing to likeability of TV ads. It also ranks different types of appeals ads in order of importance in influencing children's behavior and investigate the comparison of gender and age-wise preferences for various advertising appeals. Sample size comprises of 400 children from private schools catering to middle and upper socio-economic strata in the state of Punjab. Goodness of the product is the most important reason for liking an ad followed by 'models'. Premium offers in ads motivate product purchase. 'Informative/utility' appeal is of highest consideration amongst children followed by 'celebrity' appeal and 'emotional' appeal. So, the lesson for manufacturers and marketers is that the product itself is the supreme reason and all other reasons of likeability of TV ads are secondary.

KEYWORDS: : Children, TV advertising, Likeability of TV ads, Advertising Appeals.

INTRODUCTION

'TV ads portray magical transformation and metamorphosis, building on fantasy imagery borrowed from myths, fairy-tales, or contemporary media. TV is our primary storytelling medium, and ads provide brief narrative dramas that vividly present the agonies and ecstasies of life in the consumer culture', (Kellener, 1990, p180). According to Oates et al. (2003), advertising aimed at children may not be exclusively transmitted via TV, but still TV is the most visible medium of advertising. Companies earmark a large

part of their expenditure for advertising but children are still an elusive market for marketers and advertisers (Dotson and Hyatt, 2005). Children are getting older beyond their years. Many companies focusing on children have realized that there is a need to redefine the generally accepted definition of childhood from time to time. Their likes and dislikes change faster than any other consumer group. Previous research points out umpteen features of ads such as music, dialogues, peculiar voices, special visual effects, emotional manipulations, fun, excitement, mischief, relationships' bonding, new ideas, models, cartoon characters, adventure, action, celebrities, social causes, humor quotient etc. that touch the heart strings of the young viewers.

This study focuses on various reasons for liking of ads which have been enquired from the respondents. The more likeable an ad is, the better is the recall, and there are better chances of product desire, inquiry, request or purchase. Every ad has an appeal regarding which children may have different likings. Sometimes this influence may make children loyal customers of a particular product shown in TV ads or the same may lead to their disliking the product. Also, children's understanding regarding influence of advertising appeals for the product purchase will be investigated.

REVIEW OF LITERATURE

Miller and Busch (1979) conducted an experimental analysis of host selling, premium and announcer-television ads directed towards children. The appeals, theme, product and slogan of the three ads were identical; only the format was altered. The product category selected was breakfast cereals. The research design consists three 3 x 2 factorials, which compared the 3 ad formats according to responses of boys and girls, and of black and white children. It was found that premium format commercial were more effective than host and announcer commercials in producing desired behavioral changes.

Atkin and Martin (1983) investigated the influence of celebrity sources in the alcohol advertising contexts. Print ads for three alcoholic beverages were used in the experiment. The sample consisted of a total of 196 teenagers and adults. Results indicated that ads featuring celebrity figures produce more favorable

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advertisement evaluation ratings and product image.

Lee and Browne (1995) conducted a study on a total of 161 African American teenagers in the public schools of Houston. The mean age of the sample was 14.56 years. It was strongly evident that exposure to television ads on sports shoes played a major role in the selection of shoe brand. This was indicated by the overwhelming response (68%) showing fashion look/style/trend to be the primary motivation to buy a particular brand. There was a strong indication that celebrity commercials were highly influential in the selection of shoe brand, perhaps the young African Americans identified with them easily or wanted to emulate them.

Unnikrishnan and Bajpai (1996) conducted a research to study the impact of television advertising on 730 children who represented a cross section of Delhi's population. The TV ads that the children (age band 8 to 15 years) in the sample responded to were those that were broadcast via Doordarshan (India's National Network). The aspect of advertising that appealed to them the most was music (75%), followed by the visuals. It was observed that children in the 8 plus age group seemed more interested in discovering new products, therefore they seem to act as the family's antenna, picking up new ideas, noticing new products ad, keeping a watchful eye on premiums, discounts, free gifts and sales offers.

Maryam et al. (2005) examined nature of food advertising during children's television programming in Iran. The message most frequently used to promote the sale of a product was "taste" (56%). The most frequent appeal of food advertisements was "attributed quality" (67%). Food advertiser, therefore, perceives taste as the primary reason for food choice and ranks it as more important than any other nutrition related concern.

Gbadeyan (2010) carried out a study to examine the content of selected commercial messages to children in Nigeria. The sample consisted of 430 children, ranging from 5 - 12 years old and their parents. Results from the frequencies calculated indicated that majority of the children were attracted to the music (54%) of the commercial and peer group (25%) play significant role in influencing children purchased demand. It was suggested that children should be made to play key roles in those commercials for it to have better effects on them. Also, marketers need to design commercial that will not only appeal to children but to their peer groups and friends. This is because of the recognition of the strong influence peers group and friends have

on children.

Priya et al. (2010) carried out a survey of children in the age group 5 to 11 years, studying in English medium schools in Delhi. It was found that amongst the lower age group it is the entertaining ability of the ads, whereas for the higher age groups it is the credibility element in the ads that creates a favorable attitude towards the ads. This study suggested that more focused approach is required by advertisers while planning their ad campaign for different age groups of children, rather than considering them as one homogenous group. Characters from folklores can be depicted for creating aspiration.

Shimp et al. (1976) conducted an experimental test of the harmful effects of premium-oriented commercials on children. In all, 197 first to sixth grade children were employed in the experiments. The findings indicate that premium advertising does not interfere with the children's ability to process product information. Further, premium advertising has a greater interference effect on 2-7 years old than upon 7-11 years old. Further, the greater liking of a premium product or the inclusion of it in the ad does not always create greater liking or enhances attitudes towards principal product. But results suggest that relatively small but statistically significant correlation between attitudes towards premium and brand preference ratings exists. The more a premium object is liked, the more appealing becomes the advertised product containing premium.

Burr and Burr (1977) conducted a study to find out how parents respond to being asked to buy a product as a result of the communication directed to the children. Of all the parents who reported that they would probably buy when child uses the "wants prize/premium" appeal, they (74.4%) indicated that premium offers are overemphasized to the point that children request the product just to get the prize. Parents ranked "wants prize/premium" and "saw it on TV" as appeals with biggest impact. Surprisingly the "health appeal" was revealed as a less effective tool for the child requesting purchase from his/her parents. .

Chan (2000) conducted the study to examine Chinese children's (448 children with equal number of boys and girls from kindergartens and grades 1-6) comprehension of TV ads. A quota sample of were personally interviewed in May 1998. Like children in the West, the main reason for liking and disliking commercials depended on their entertainment element. An understanding of television advertising, recall of brands from slogans and comprehension of advertising content

were consistently related to the cognitive development of children. Brand recognition from liked and disliked commercials was strong. Comprehension of the key messages of ads varied greatly by children's cognitive development and the style of ad presentation.

Ansu-Mensah et al. (2013) investigated the attitude towards the use of advertisement elements that attracts consumers to make purchase in related to use of appeals in advertisement. Findings revealed that music/jingles were found the most preferred element, whereas; the use of bar/party setting in advertisement was found the least preferred element.

Sadeghi et al. (2015) investigated the impact of emotional and rational TV ads on attitude of customers towards its brand and advertising efforts. Findings indicated positive and direct relationship between rational appeals and positive customer attitude toward brand and advertising efforts. The effect of emotional appeals on attitude toward advertising was not found.

Khanna (2016) identified the most preferred appeals by rural and urban children of Punjab. Number of appeals was large in the case of food and beverages and the least in the case of toys and games. Emotional appeals like fun and happiness, jingles and slogans, humor were found in every commercial. The most typical appeals in commercials aimed at boys were action-adventure, sports, and play, whereas commercials aimed at female children were nurturing, physical attractiveness, friendship and romance. Having the best, competition, and achievement were the dominant appeals in commercials aimed at male teenagers, whereas romance, sexuality, and belonging to a group were emphasized in commercials aimed at female teenager.

Objective of study

To determine various factors that contributes to children's likeability of TV ads.

Research Methodology

Children were taken from reputed private schools from three cities of Punjab. The cities represent traditional, geographical and cultural categorization of Punjab: Majha (Amritsar), Doaba (Jalandhar) and Malwa (Patiala). The effective sample came out to be 400 children. Data was collected by using convenience sampling techniques. F-test, Z-values, r-values and ranking methods are used for data analysis. There are 206 (51.50 %) boys while the remaining 194 (48.50 %) are girls. Four age categories were chosen, i.e. 8 to 10 years, 10 to 12 years, 12 to 14 years and 14 to 16

years. The highest percentage of them (30.00%) belongs to the age group of 12 to 14 years, while the lowest (22.50%) of them belongs to the age group of 14 to 16 years old.

Data Analysis:

Reasons cited by Children for Liking a TV Ad

Children were asked to think about their favorite TV ad, and write the name of the product/brand which is advertised through that ad. The children came up with a large variety of responses. They were further asked to select reasons for liking that particular ad. As shown in Table 1, the list consisted of seven reasons and in addition eighth option for specifying reason/reasons other than those mentioned in the given list. Table shows that most of the children (58.50%) cited 'goodness of the product' as the most common reason for liking their favorite TV ad. This is followed by 'models' (47.50%), 'story line/theme' (45.25%), 'music/songs/jingles' (44.75%), 'picturization/filming' (40.50%), 'animation/cartoons' (39.50%) and 'slogan/one liner' (33.25%) as the various reasons for liking a specific ad. Thus, the 'product itself' or 'goodness of the product' emerges as the most important reason for liking TV ads while the 'slogan' has been found to be the least important reason in this regard.

Gender-wise analysis reveals that proportionately higher number of female than male children stated 'goodness of the product' and 'storyline/theme' as important reasons for liking a TV ad. The differences between both the genders have been found significant for these factors; as supplemented by Z-values (2.95 & 3.06 respectively), both significant at 1 per cent level of significance. Relatively higher number of male than female children mentioned 'slogans' and 'models' as the important reasons for liking a TV ad. These differences are substantiated by significant Z-values (3.72 & 4.24 respectively), which are significant at 1 per cent level of significance.

Age-wise information as depicted in Table 1 reveals that as children grow older, they find 'goodness of the product', 'picturization' and 'story line' as valid reasons for liking an ad. There is a positive correlation between age of children and the reasons such as 'product itself' ($r = 0.937$ at 10 per cent level of significance), 'picturization' ($r = 0.908$ at 10 per cent level of significance) and 'story line' ($r = 0.960$ at 5 per cent level of significance). 'Slogan', 'models' and 'animation/cartoons' are important reasons for younger children, these show negative correlation with age ($r = -0.993$; -0.955 and -0.955 respectively at 5 per cent level of

significance). As the age of children increases, these reasons become less important for them to develop a liking for an ad.

Factors of TV Ads Influencing Children's Product-Purchase Behavior

Some of the product related factors in ads that influence children's product-purchase behavior include 'new or innovated product' introduced, 'premium offers' and the 'product quality and attributes'. Table 2 shows that most of the children (44.50%) are influenced by the 'premium offers' in the ads, followed by the 'product quality and attributes' (37.25%) and the 'new or innovated product' introduced through ads (18.25%).

Gender-wise analysis shows that more of the male children (23.79%) get influenced by the 'new or innovated product' offered through ads in comparison to female children (12.37%). The difference is statistically significant at 1 per cent level, as indicated by Z-value (2.95). On the other hand, 'product quality and attributes' influences female children more (41.75%) as compared to the male children (33.01%). This difference is also significant as shown by Z-values (2.02) at 5 per cent level of significance. Statistically, the influence of 'premium/incentive offers' on the product-purchase behavior of male and female children is not significant. The analysis reveals that female children's product-purchase behavior is generally influenced by the properties of the product while that of male children by new or innovated products.

Age-wise analysis shows that the percentage of children being influenced by the 'new product' diminishes from 28.72 per cent in the age group of 8-10 years to 8.89 per cent in the age group of 14-16 years. The declining pattern is statistically significant as shown by negative value of coefficient of correlation ($r = -0.979$) at 5 per cent level of significance. On the other hand, the percentage of children who get influenced from 'premium offers' increases from 38.3 per cent in the age group of 8-10 years to 51.11 per cent in the age group of 14-16 years. This increasing pattern is significant as indicated by the coefficient of correlation between age and percentages of children ($r = 0.984$) at 5 per cent level of significance. Similar trend has been observed regarding the factor 'product quality and attributes' i.e. as the age increases the influence of this factor becomes stronger as depicted by the coefficient of correlation ($r = 0.993$) at 1 per cent level of significance. The overall analysis shows that younger children are influenced by the 'new product offers' while older ones are influenced by 'premium/incentive offers' and characteristics of the product shown in ads.

Advertising Appeals influencing Children for the Product Purchase

Table 3 contains the information on different types of appeals in ads which may influence the children. Seven types of appeals were identified on the basis of previous research and discussion with experts. Children were asked to pick out any three appeals in order of their preferences. The weighted average scores of various rankings have been calculated by assigning weights 3, 2 and 1 to the 1st most preferred appeal, 2nd most preferred appeal and 3rd most preferred appeal respectively. The appeals identified are as follows:-

- a) Informative/Utility appeal: The ad tells about various uses and features of the product; how the product will be of help to the user. It may compare the product with competitors' product and also show how the product is to be used.
- b) Emotional appeal: The ad focuses on human bonding and relations, people caring for each other, animals or environment. It shows how the product leads to happy relations amongst family, friends and society.
- c) Exhibition/Vanity appeal: The ad convinces that the product should be bought for boosting self esteem, to become popular and to impress others.
- d) Entertainment/Humorous appeal: The ad is interesting and has entertaining and/or funny storyline.
- e) Celebrity appeal: The ad shows celebrities like actors, players, singers, artists etc. endorsing the products. The children may find the celebrities charismatic and look upon them as role models.
- f) Innovative/Unique appeal: The ad is different, shows new ideas, new way of doing things, new product or new trend.
- g) Brand appeal: The ad focuses on the value that is associated with the name of the product or the manufacturer.

The Table 3 shows ratings of appeals in order of importance in influencing children's behavior. It can be seen that most of the children (25.75%) have allotted individual first ranking to 'celebrity' appeal. It is closely followed by 'informative/utility' appeal (24.50%) and 'brand' appeal (20.75%). While, the weighted average score of ranking is 1.30, 1.03, 0.84, 0.83, 0.73, 0.68 and 0.60 in case of 'informative/utility' appeal (I), 'celebrity' (II), 'emotional' (III), 'entertainment/humorous' (IV), 'brand' (V), 'exhibition/vanity' (VI) and 'innovative/unique' (VII) appeal respectively. The differences

amongst weighted average scores of various appeals are significant as revealed by F-ratio (3.17 at 5% level of significance).

Gender-wise comparison (Table 4) of weighted average scores of preferences show that higher number of girls than boys is in favor of 'innovative/unique' appeal. This difference is significant as indicated by t-value (2.49) at 5 per cent level of significance. Relatively more number of boys is in favor of 'informative/utility', 'entertainment/humorous', 'celebrity' and 'brand' appeal in comparison with girls (weighted average scores being higher in case of boys as compared to girls). The differences between boys and girls children with regard to these appeals have been found to be significant at 1 or 5 per cent levels of significance as shown by t-values. The 'emotional' and 'exhibition/vanity' appeals of ads are almost equally favored by boys as well as girls as the differences in these cases turned out to be statistically insignificant between the values of both the genders.

Age-wise (Table 4) comparison shows that the extent of liking for 'informative/utility' and 'innovative/unique' content in ads increases with the age (weighted average scores showing an increasing trend). These increasing trends are significant at 5 per cent level of significance as shown by F-ratio (2.72 & 2.63 respectively) and indicate that the older children favor such appeals more than the younger ones. On the other hand, younger children favor 'celebrity' appeal more as compared to older ones. The weighted average scores show a significant decreasing trend at 5 per cent level of significance, as supplemented by F-ratio (2.81). For other appeals like 'emotional', 'exhibition/vanity', 'entertainment/humorous' and 'brand' appeal in ads, the age-wise trends have not been found to be significant as revealed by F-ratios.

CONCLUSION AND DISCUSSION

The advertised product itself has been found to be the most important reason, followed by models used in ads. Advertised product is more important a consideration for girls and older children, while models are of more importance to boys and younger children. Hence, both manufacturers and marketers should understand that product is of primary consideration for children. Ads for products meant for both male and younger children should be particular as regards to the choice of models acting in ads as they are of high relevance for them.

1. The major factor for children's product-purchase being influenced by TV ads is premium offers on the product followed by the product quality or

attributes of the product. So, where marketer should concentrate on tempting children with premium offers, parents should counsel children to concentrate on the utility of the product along with the premium offer on it.

2. Seven types of appeals were identified which were thought of high relevance in influencing likeability about ads and the products advertised for children. 'Informative/utility' appeal followed by 'celebrity' appeal and 'emotional' appeal are of high consideration amongst children. Boys and younger children favored celebrity appeal more while girls and older children favor 'innovative/unique' appeal more. Also, brand appeal has been favored more by boys than girls.

So, whether it is likeability of an ad because of the advertised product, or product quality or attributes influencing children's product purchase/request behavior, or it is the utility appeal of the product conveyed through ads; both manufacturers and marketers should get it clear that nothing is beyond product for children. Models or celebrities who endorse the products in ads are secondary reasons for likeability of ads amongst children.

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INDIVIDUAL SPIRITUALITY AT WORK AND ITS RELATIONSHIP WITH JOB SATISFACTION AND PROPENSITY TO LEAVE

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ABSTRACT

Work Spirituality has become significant aspect of organizational culture in most of the business organization today. There is a growing interest among corporate, academics and researchers towards the topic of spirituality in the workplace. Individual Spirituality at work, Job Satisfaction and Propensity to leave are the three variables used in this study. This study examines how individual spirituality at work and job satisfaction affects the propensity to leave. The study was conducted on the employees of service organizations in India. The findings of the study proposed that there is an inverse relationship found between Individual Spirituality at work, Job Satisfaction and Propensity to leave. The findings were also supported by the previous studies on the same variables used. This study is helpful for HR Managers, policy makers and employees in the various organizations.

KEYWORDS

Spirituality, Organisation, Propensity

INTRODUCTION

The study on Workplace Spirituality gets movement in the 1990s. It's an individual and organizational belief to grow and contribute to development of society while growing in their career by following the spiritual path. Workplace spirituality is a way to live the professional life in a meaningful way. The path which encourages the person to be ethical committed and dedicated towards his work. Duchon and Plowman, (2005) suggests that workplace

spirituality depicts employee experiences such as a sense of meaning, purpose, community, and transcendence at workplace. It is to have concern for others, provide support and be true to him & for others. Many individuals now a day's facing the dilemma while practicing the spirituality at their workplace. Being ethical and be true themselves often create problem in their day to day working life. Sometimes situation forced the person not to be spiritual while performing their duties.

While Job satisfaction is a feeling of an individual towards his job. The employee which feels happiness in his job, enjoy his work life will feel more satisfaction. It's a pleasurable emotional state by the individual assessment towards his job. Job Satisfaction includes our feelings, our beliefs, and our behaviors towards a job. To measure the organization success, job satisfaction emerged as important aspect. Spector (1997) stated that job satisfaction is all about how employees feel about their jobs and the different aspects of how they perform their job requirements. It is the extent person like or dislikes their jobs. A organization is more successful and productive if they have more satisfied workers. Organizations are trying to improve the working environment in order to make their employee happy.

Intention to leave is defined as when an employee decides to end his job or his relationship with the present organization. The employee has the plan to resign from the job he is doing and find out a new one in the future (Purani & Sahadev, 2007). Employees do not leave an organization without any significant reason. There is specific reason which motivates the employee to leave the organization. These reasons includes psychological and physiological. Psychological reasons include the state of employees mind where he is experiencing the uneasy towards his job. In the researches previously done the relationships between workplace spirituality and many variables have been examined. Some of these variables are job satisfaction, intensity to leave, job commitment, job attitude, employee performance, productivity and growth of organization, emotional exhaustion, job involvement, organizational attachment.

Many researchers examined that there is a positive

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relationship between workplace spirituality and job satisfaction. They also found that there is a negative relationship between workplace spirituality and propensity to leave. It is right to say that individual spirituality at work and job satisfaction is somehow related with intention to leave.

REVIEW OF LITERATURE

Noor and Arif (2011) did a study in the Pakistan on the consequences of workplace spirituality among medical professionals. They tested the effect of workplace spirituality of Pakistan Doctors on their job satisfaction. Their study concluded that spirituality has a key role to inculcate employees' job satisfaction.

Chawla and Guda (2010) examined the relationship between individual spirituality at work and sales professional's job satisfaction, propensity to leave and job commitment. They found that sales professional's spirituality at work is positively related to job satisfaction and job commitment and negatively related to intention to leave. They also found that when there is belongingness in the individuals towards organization and when an employee is happy, may not have the intention to leave the job and organization. In this condition employer are more satisfied with their job.

Marschke et al (2010) examined that how sales personnel view the relationship between Job Satisfaction and spirituality in the Workplace. The research indicated that in order to survive into the 21st century in the face of economical downturn and global competition, it is necessary for leaders and employee to give importance to workplace spirituality. Their study revealed that there is a positive relationship between workplace spirituality and job satisfaction.

Lazara. (2010) conducted a study on Spirituality and job satisfaction among female Jewish Israeli hospital nurses. The purpose of their study is to examine the relationship between spirituality and hospital nurses' work satisfaction and to determine the contributions of various specific aspects of spirituality to their work satisfaction. The finding of this study includes that there is a positive relationship between spirituality and job satisfaction among female Jewish Israeli hospital nurses. They suggest that Hospital managers can enhance job satisfaction by providing opportunities for nurses to satisfy their spiritual needs.

Hong (2009) studied the influence of perceived workplace spirituality on job satisfaction, intention to leave, and emotional exhaustion among community mental health center workers in the state of Kansas.

Their study conform that there is a positive effect of perceived workplace spirituality on job satisfaction, and negative effect on turnover intention. Chakrabarty et. al. (2007) stated that Job satisfaction lowers the turnover intentions of salesperson and also increases organizational commitment.

Avolio & Gibbons (1988) found that the orientation of leadership spirituality in organizational culture empowers the employees morally and ethically by making them bold, confident and competent, which as a result enhances their job involvement and job satisfaction. El-Jardali et al. (2007) also concluded their study that job satisfaction and intention to leave are negatively correlated to each other in Lebanese nurses. The study was having the main objective to evaluate the impact of job satisfaction as a independent variable on intention to leave. The finding of the study reveals that the main cause of the dissatisfaction and hence intention to leave was negatively associated with hospital's compensation and incentives (extrinsic rewards).

Alam and Mohammad (2009) examined the level of job satisfaction and intent to leave among Malaysian nurses. Findings of this study suggested that the nursing staffs were moderately satisfied with their job in all the six facets of job satisfaction and therefore exhibit a perceived lower level of their intention to leave the hospital and the job. Moore (2002) found that lack of job satisfaction are among the factors that contribute to people's intention to quit their jobs; however, it is important both from the hospital's manager's and the individual's perspective to understand which factors of job satisfaction are related to intention to quit in nursing profession.

OBJECTIVES OF STUDY

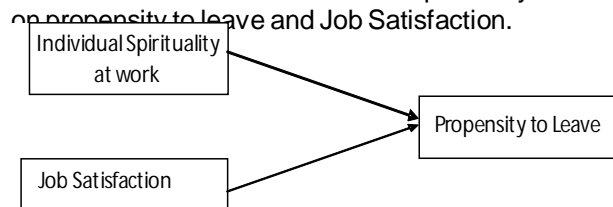
1. To redevelop and standardize the measure to evaluate Individual spirituality at work, job satisfaction, propensity to leave.
2. To evaluate the effect of Individual spirituality at work on propensity to leave.
3. To evaluate the effect of job satisfaction on propensity to leave
4. To open new vistas for further researches

Research Methodology

The study was exploratory in nature with survey method being used to complete the study. The population included employees of service sector organizations in Gwalior region. Individual employee was the sampling

element. Non probability Purposive sampling technique was used to select the sample. The Sample size was 100 respondents. Standardized questionnaire for Individual Spirituality at work developed by Ashmos, D.P. & Duchon, D. (2000) for job satisfaction developed by Churchill, G., Jr, Ford, N.& Walker, O., Jr (1979) and for propensity to leave developed by Jenkins, J.M. (1993) had been used to collect the data. Data was collected on a likert type scale, where 1 stands for minimum agreement and 5 stands for maximum agreement. Item to total correlation was applied to check the internal consistency of the questionnaires. The measures were standardized through computation of reliability and validity. Regression analysis was used to measure the effect of individual spirituality at work on propensity to leave and Job Satisfaction.

Figure No. 1: Following is the proposed model



RESULT AND DISCUSSION

RELIABILITY MEASURE

The reliability of all three measure viz., employee engagement, Job satisfaction and motivation was computed by using SPSS software. Cronbach's alpha reliability coefficients were computed to calculate reliability of all items in the questionnaire. Reliability test using SPSS software and the reliability test results are given below:

Measures	Cronbach alpha value
Individual Spirituality at work	.919
Propensity to leave	.934
job satisfaction	.912

REGRESSION

Impact of Employee Engagement on Job Satisfaction

Regression analysis was used to measure the effect of Individual spirituality at work on propensity to leave.

Table 2: Regression Table at work has taken as an independent variable and propensity to leave as a dependent variable.

Independent Variable	Dependent Variable	F	Sig	Beta	T	Sig	Adjusted R Sq/ R Sq
Individual spirituality at work	Propensity to leave	37.733	.000 ^a	-.527	-6.143	.000	.278

H01 : There is no impact of individual spirituality at work on propensity to leave.

Y = a + bX

Y (Propensity To Leave) = 17.913 + (-.192) x(Individual Spirituality At Work) + Error

Model having Individual Spirituality at Work as independent variable and Propensity to Leave as dependent variable was having a good fit as indicated F test value from the ANOVA table that is 37.733 significant at 0.000 level of significance. Individual Spirituality at Work was having a significant but inverse cause and effect relationship with Propensity to Leave as indicated by beta value from coefficient table that is -0.527 tested through T Test values -6.143 significant at 0.000 level of significance. The model summary table indicated that independent variables Individual Spirituality at Work were explaining 27.8% variance in dependent variable Propensity to Leave since the r square value from the table is 0.278 therefore null hypothesis was rejected and significant but inverse cause & effect relationship found between Individual Spirituality at Work and Propensity to Leave.

Regression analysis was used to measure the effect of Job Satisfaction on propensity to leave.

Regression analysis was used to measure the effect of Job Satisfaction on propensity to leave. In this

Table 3: Regression Table at work has taken as an independent variable and propensity to leave as a dependent variable.

Independent Variable	Dependent Variable	F	Sig	Beta	T	Sig	Adjusted R Sq/ R Sq
Job Satisfaction	Propensity to leave	114.128	.000 ^a	-.733	-10.683	.000	.538

Y = a + bX

Y (Propensity To Leave) = 18.539 + (-0.483) x (Job Satisfaction) + Error

Model having Job Satisfaction as independent variable and Propensity to Leave as dependent variable was

having a good fit as indicated F test value from the ANOVA table that is 114.128 significant at 0.000 level of significance. Job Satisfaction was having a significant but inverse cause and effect relationship with Propensity to Leave as indicated by beta value from coefficient table that is -0.733 tested through T Test values -10.683 significant at 0.000 level of significance. The model summary table indicated that independent variable Job Satisfaction was explaining 53.8% variance in dependent variable Propensity to leave since the r square value from the table is 0.538 therefore null hypothesis was rejected and significant but inverse cause & effect relationship found between Job Satisfaction and Propensity to Leave.

CONCLUSION

To retain your employee is becoming a tough task for all the organizations. In spite of using the best organizational policies, employees used to change the organization very frequently. The solution of this problem lies in creating more values in the employee. Spirituality at work is one such value system which can eradicate this problem and also may enhance the job satisfaction. The objective of present study was to analyze the effect of Individual spirituality at work and job satisfaction on propensity to leave. The result of the study shows that there is an effect of individual spirituality at work on job satisfaction and propensity to leave. Employees who are satisfied with their job exhibits a perceived lower level of their intention to leave the organization. The finding of the study shows that spirituality in the context of workplace should not be neglected. It has a key role to achieve employee's job satisfaction.

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ORGANIZATIONAL CLIMATE MODELS - A REVIEW

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ABSTRACT

The Organizational Climate is becoming more important than ever before. Organizations need to ensure that those individuals who add value to their bottom line want to stay in the organization and should feel to continue their work effort to the benefit of the organization (Brown & Leigh 1996). So, the purpose of this paper is to argue in support of the collective climate strategy for the organizational effectiveness. The methodology of this paper is conceptual review. This review focuses to extent the importance of organizational climate through review of previous organizational climate researches, definitions, and measurements. It extends the categorization of three approaches presented by James and Jones (1974) viz: a) Multiple measurement-organizational attribute approach (MMOAA), b) Perceptual measurement-organizational attribute approach (PMOAA), and c) Perceptual measurement-individual attribute approach (PMIAA). The paper also discusses the approaches proposed by Moran & Volkwein (1992) towards the etiology of organizational climate. These are a) The structural approach, b) The perceptual approach, c) The interactive approach, and d) The cultural approach. This paper also gives the differences between culture and climate in the realm of organizational studies so that there is no ambiguity between the two. Finally, the paper concludes that the collective climate strategy may serve best for identifying organizational climate that is the aggregate perceptions of the characteristics of the organizations.

KEYWORDS: Organizational climate, collective climate, organizational effectiveness.

INTRODUCTION

Organizations in this era are facing with more challenges than ever before. The modern work environment is vastly different from the work environment in the previous three decades. These challenges are not unique to any specific organization or industry, but affect all. These challenges include increased competition, high degrees of technological innovation, changes in the nature and structure of organizations and the challenges facing employees such as redefining the employment contract, getting into new business processes, and work/life balance (Kangis & Williams, 2000; Nair, 2006). If these challenges are not managed appropriately by the organization, they could result in a change in the behaviour and perception of individuals employed in the organization, which could lead to decreased motivation and employee satisfaction, increased turnover and absenteeism and hence a decline in organizational performance (Gray, 2007).

This paper critically reviews one of the most important concept of management i.e. Organizational climate. Organizational climate is deemed to be important: it is perceived, as motivated employee will result in higher productivity, greater passion for the business, and a deeper engagement with customers. A positive climate encourages employees' productivity and decrease turnover. The paper has tried to discuss various measures and the studies that are undertaken since long time and also tries to focus various frameworks of the concept of organizational climate.

DEVELOPMENT OF ORGANIZATIONAL CLIMATE

According to Gelfand (as cited in Castor and Martins, 2010), when the term "climate" which is commonly used in meteorology with the aim to observe, describe and measure the various physical characteristics of the atmosphere, is transplanted into the context of the organization, it becomes more complex because it is not so easy to observe and measure; and is constantly changing and as such is not necessarily enduring. The concept of climate was found in the article of Lewin, Lippitt and White (1939) which focussed on the

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experimentally created social climates on a number of groups of teenage boys emphasizing on the relationship between leadership styles and the social climate. According to Ahmed (1998), the term "climate" traditionally originates from organizational theorists such as Kurt Lewin and Douglas McGregor, who used the term to refer to social climate and organizational climate respectively. Brown and Brooks (2002) define climate as the "feeling in the air" and the "atmosphere that employees perceive is created in their organizations due to practices, procedures and rewards." From this definition, it is clear that the individual perceptions of employees in the organization have an impact on the climate. The collection of various principal research works ultimately provided the initial framework of organizational climate. Forehand and Gilmer (1964) defined organizational climate as a "a set of characteristics that describes an organization, distinguishes it from other organizations, and are relatively enduring over time and influence the behaviour of people in it." Gregopoulos (1965) defined organizational climate as a normative structure of attitudes and behavioural standards which provide a basis for interpreting the situation and act as a source of pressure for directing activity. Tagiuri and Litwin (1968) have defined the concept as follows: "Organizational climate is a relatively enduring quality of the internal environment of an organization that (1) is experienced by its members, (2) influences their behaviour, and (3) can be described in terms of the values of a particular set of characteristics (or attributes) of the organization." One of the most widely accepted definitions is that of Litwin and Stringer (1968) who define organizational climate as a set of measurable properties of the work environment that is directly or indirectly perceived by the people who live and work in a particular environment and is assumed to influence their motivation and behaviour. In their extensive research work, they introduced a very comprehensive framework of organizational climate. They provided six dimensions of organizational climate viz (1) Structure, (2) Responsibility, (3) Reward, (4) Risk, (5) Warmth and (6) Support. During this time, the actual concept of organizational climate began to take shape. Bowen and Ostroff (2004) define organizational climate as "a shared perception of what the organization is like in terms of practices, policies, procedures, routines, and rewards- what is important and what behaviors are expected and rewarded- and is based on shared perceptions among employees within formal organizational units".

The concept of organizational climate captures employee's perceptions of the psychologically potent or influential features of the work place, such as whether the employees have autonomy, pride in their work, good working relations with other personnel including their superiors, and many other working conditions (James, 1982). A major issue is the extent and multiplicity of dimensions used, as there is no generally agreed upon set of dimensions used to measure organizational climate. Various researchers have tried to analyze the concept from different angles.

APPROACHES TOWARDS ORGANIZATIONAL CLIMATE RESEARCH

According to James and Jones (1974), all the major theoretical concerns and relevant researches related to Organizational Climate can be divided into three approaches after the review of all the previous relevant researches, definitions, conceptual frameworks, and measurement approaches. These approaches are:

A. Multiple Measurement - Organizational Attribute Approach (MMOAA)

The most suitable definition of Organizational Climate under this approach was provided by Forehand and Gilmar (1964). They defined Organizational Climate as a ' set of characteristics that (a) distinguish the organization from the other organizations, (b) are relatively enduring over time, and (c) influence the behaviour of the people in it. Forehand and Gilmar model of MMOAA can be summarized below:

I. Dimensions of Organizational Climate	Size Structure System Complexity Leadership Style Goal directions
II. Research Design	Field Studies Experimental Studies
III. Measurement Procedure	Individual perception Objective Indices

It appears from the model that any study focusing on organization or group characteristics would be included in the general area of Organizational Climate. In fact an exhaustive list of studies in the field of Industrial Psychology or Organizational Behaviour is shown to be included under MMOAA. This approach is a much generalized conceptual framework and lacks the degree of precision that can provide the objective measurement of Organizational Climate.

B. Perceptual Measurements-Organization Attribute Approach (PMOAA)

Under this approach the most appropriate definition was given by Campbell et al. (1970). Organizational Climate was defined as: 'set of attributes specific to a particular organization that may be induced from the organization, deals with its members and its environment. For the individual member within an organization, climate takes the form of a set of attitude and expectancies which describe the organization in terms of both static characteristics and behaviour outcome and outcome-outcome contingencies.' The researchers proposed four parameters of organizational situations, viz. i) structural properties, ii) environmental characteristics, iii) organizational climate, and iv) formal role characteristics. They presented four dimensions of Organizational Climate and factors included in each dimension as shown below:

Dimensions	Factors
Individual Autonomy	Individual responsibility Agent independence Rule orientation Opportunities for energizing individual initiative
The Degree Structure Impressed on Position	Organization structure Managerial structure Closeness of supervision
Reward orientation	Reward General satisfaction, promotion, achievement orientation Profit and sales orientation
Consideration, Warmth, and Support	Managerial support Warmth and support

The model opined that Organizational Climate is individual perception of the organization and the set of properties governs the individual behaviour. Here, climate is perceived as a situational variable or organizational main effect. The perceptual model based on organizational attribute raised some difficulties. There might be significant difference between actual

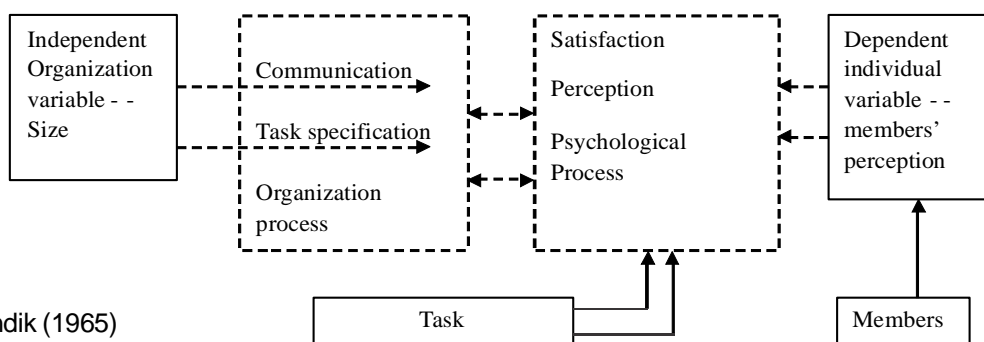
and perceived situations in terms of behaviour and attitude. It was also difficult to establish a direct relationship between objective and perceptual factors which was tried to be resolved through a model known as the 'linkage model' which was proposed by Indik in 1965.

The model stated that the bond between an independent variable and a dependent variable formed by two sets of processes, organizational processes from the side of independent variable and psychological processes from the side of dependent variable.

C. Perceptual Measurement-Individual Attribute Approach (PMIAA)

Schneider and his associates presented the third approach in the research domain of Organizational Climate. Schneider and Hall (1972) defined Organizational Climate as 'a set of global perceptions held by individuals about their organizational environment. The sets of perceptions are basically the result of interactions between personal and organizational characteristics.' Schneider et al. used systems approach to explain the concept. They considered individual as an information processor and the inputs used are: i) objective events and characteristics of the organization, and ii) characteristics of the perceiver. Organizational Climate was emphasized as a summary evaluation of events based upon the interactions between actual events and the perceptions of these events. This conceptualization of Organizational Climate bears much resemblance with the PMOAA model discussed earlier. In both the approaches, Organizational Climate is viewed as the sum total of perceptions based on the interaction between the individual perceptions and organizational environment. Perhaps the proposed model by Schneider et al. was quite similar to the psychological process model proposed by Indik. However, there exist some points of differences between the two models.

FIGURE 1: A VISUAL REPRESENTATION OF THE LINKAGE MODEL



Source: Indik (1965)

The PMOAA emphasized on Organizational Climate from the point of the organization and put greater emphasis on organizational attributes. Whereas, PMIAA focused on Organizational Climate as the sum total of the individual attributes neglecting the part of the organizational attributes.

In order to establish a clear distinction between the two sets of attributes, James and Jones insisted on the use of the term Organizational Climate in case of organizational attributes only whereas Psychological Climate for individual attributes. Later, in another paper, Jones and James (1979) derived six dimensions based on the individual attributes and categorized them under Psychological Climate instead of Organizational Climate. The six dimensions under individual attributes as devised by them are: i) leadership facilitation and support, ii) work group cooperation, friendliness, and warmth, iii) conflict and ambiguity, iv) professional and organizational spirit, v) job challenge, importance, and variety, vi) mutual trust. In the later research works, the individual attributes approach has gained more importance.

APPROACHES TOWARDS THE FORMATION OF ORGANIZATIONAL CLIMATE

According to Moran and Volkwein (1992), there is a lack of understanding of how climates emerge or are formed in an organization. Schneider and Reichers (1983) contend that an explanation of how climates are formed will provide a deeper understanding of the concept, but will in addition, lead to further conceptual and methodological progress. Four Approaches were proposed by Moran & Volkwein (1992) towards the formation of organizational climate.

- A. The structural approach
- B. The perceptual approach
- C. The interactive approach
- D. The cultural approach

A. The structural approach: This approach views organizational climate as a characteristic or attribute of the organization. These attributes are considered to be owned by the organization and existing independently of the perceptions of the individual members (Moran & Volkwein, 1992). This approach is similar to the Perceptual Measurement-Organizational Attribute Approach (PMOAA) proposed by James and Jones (1974). As reflected in the visual representation of the approach given by Moran and Volkwein (1992), it is evident that the organizational structure gives rise

to the organizational climate, which is then perceived by the members of the organization. Hence, organizational climate is formed as a result of the common perceptions that members have from the exposure to the common organizational structure.

FIGURE 2: A VISUAL REPRESENTATION OF THE STRUCTURAL APPROACH

Individual Perceiver → Organizational Climate ← Organizational Structure

Source: Moran & Volkwein (1992, p. 24)

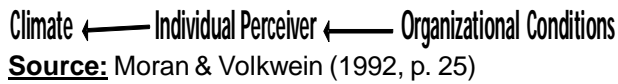
However, there are three criticisms innate in this approach (Moran & Volkwein, 1992).

- This approach does not take into account why studies have found different work group climates in one organization where the structural factors are common throughout the organization.
- A second criticism relates to an organizational climate demonstrating a significant and consistent relationship with its structural characteristic. However, studies conducted in this area show a high level of inconsistency between the factors.
- There is a lack of consideration of the subjective role that structural variables have on an individual's reaction to a situation, and disregards the interpretive processes involved between individuals in groups.

B. The perceptual approach

This approach postulates that organizational climate originates in the individual, which is in direct contrast to the structural approach which views organizational structure as the basis of organizational climate (Moran & Volkwein, 1992). Figure 3 shows how, in this approach, the individual perceives the organizational conditions and then creates a psychological representation of the climate. The term "organizational conditions" refers to the structural characteristics mentioned in the previous approach but it also includes organizational processes such as communication, influence, leadership and decision-making patterns (Moran & Volkwein, 1992). Hence, overall perception of an organization emerges as a result of various activities, interactions, reactions and daily encounters that an individual has with the organization. Hence, climate is reflective of personal and organizational interaction. This approach is similar to the Perceptual Measurement-Individual Attribute Approach (PMIAA) of James and Jones (1974).

FIGURE 3: A VISUAL REPRESENTATION OF THE PERCEPTUAL APPROACH



Moran and Volkwein (1992) identify two key criticisms of this approach:

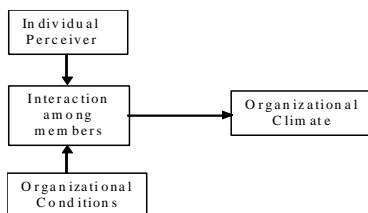
- By placing the source of climate mainly in individuals, the perceptual approach denounces the possibility of a composition theory, and as such, cannot be regarded as an organizational attribute.
- It assumes that meaning is something that individuals bring to and force on organizational processes and events rather than as a result of the interaction of organizational members.

C. The interactive approach

This approach is the combination of the objectivism of the structural approach and the subjectivism of the perceptual approach (Ashforth, 1985). The underlying assumption of the interactive approach is that organizational climate is the result of the interaction of individuals in response to their situation which results in the shared agreement of organizational members (Moran & Volkwein, 1992).

This approach identifies communication as a key contributor of organizational climate. Empirical studies conducted by O'Driscoll and Evans (cited in Moran & Volkwein, 1992) and Coetsee and Pottas Zyl (cited in Gerber, 2003) verify communication as a central element contributing to climate. The figure 4 shows the relationship between organizational conditions, the individual perceiver, the interactions of the group members and organizational climate. From this diagram it is evident that organizational climate is the result of the members' interaction. This approach provides a link between the structural and the perceptual approaches because it acknowledges that meaning is generated by the individual intentionally interacting with objects and people because it provides meaning for them.

FIGURE 4: A VISUAL REPRESENTATION OF THE INTERACTIVE APPROACH



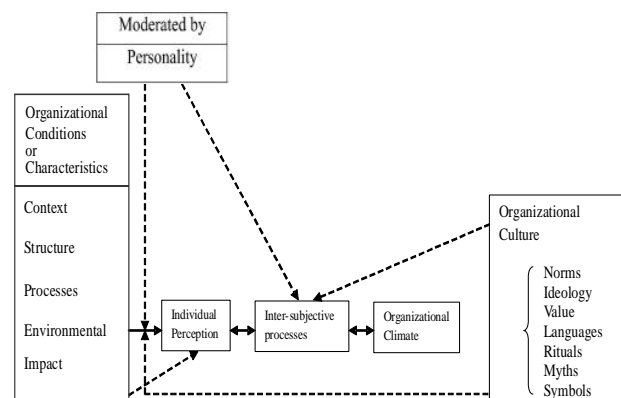
Source: Moran & Volkwein (1992, p. 25)

A criticism of the interactive approach is that it does not explain the role of the social context or organizational culture in shaping interaction and it only takes cognisance of the interactions of individuals.

D. The cultural approach

As noted by Burnes and James (as cited in Moran & Volkwein, 1992), organizational climate is a manifestation of the deeper elements of culture (values, beliefs, and assumptions commonly held), and a reflection of the collective attitudes and behaviour of the organization members. The previous approaches do not take into consideration the influence of organizational culture that affects on individuals' perceptions. According to the cultural approach, organizational climate is shaped by individuals in a group who interact and who share the same abstract frame of reference, organizational culture, as they learn to deal with the organization's demands (Moran & Volkwein, 1992). This approach emphasizes the interaction of individuals as a source of climate, which it shares with the interactive approach above. However, the cultural approach includes the role of organizational culture as a key factor in the development of organizational climate. In a nutshell, this approach posits that organizational climate arises from the inter-subjectivity of members as they interact within a context established by an organization's culture.

FIGURE 5: THE CULTURAL APPROACH TO ORGANIZATIONAL CLIMATE



Source: Moran & Volkwein (1992, p. 32)

It is clear from the above figure that organizational climate forms part of organizational culture. This model illustrates how an individual perceives organizational conditions, which is moderated by his/her personality

and inter-subjectivity owing to interactions with other individuals. All these have impact on organizational climate. Organizational climate, in turn, is influenced by the culture in the organization, which influences the perceptions of individuals and inter-subjective processes. Hence, while climate has an influence on the interaction in an organization, the interaction shapes the climate of the organization and can influence its culture (Moran & Volkwein, 1992).

In a nutshell, stemming from the cultural approach, organizational climate is the result of the interaction of individuals who have a common frame of reference (culture) based on their exposure to similar environmental situations (organizational conditions). Emphasis is no longer placed on the perceptions of individuals but on the interactions of members as well as on the role that organizational culture plays in the formation of organizational climate. McMurray and Scott (2003) supported the view of Moran and Volkwein's (1992) on the role of culture in shaping the climate of an organization, stating that recognition should be given to the role of culture in influencing climate, and vice versa.

Since organizational climate is the process of quantifying the "culture" of an organization, it precedes the notion of organizational culture. Hence, it becomes important to understand organizational culture. So, organizational culture tends to be shared by all or most members of a social group; is something that older members usually try to pass on to younger members; shapes behaviour and structures perceptions of the employees in the organization. Whereas the concept of organizational climate captures employee's perceptions of the psychologically potent or influential features of the work place. Hence it becomes important to distinguish between the two concepts which are often used interchangeably with researchers in organizational studies treating the concepts as if they

are identical. So, the following table summarizes the distinction between organizational climate and the organizational culture.

CRITIQUES AND FUTURE DIRECTION

After understanding and reviewing the approaches and models discussed in this paper, the gap that is being found here is something very subjective. No doubt that it has approaches on individual attributes and perceptions about the organization as well as on the organizational approach. However, there is a lack of model for industry as a whole. So, the proposition for investigating organizational climate can be at two levels.

First approach is towards departmental level in an organization to the overall organizational climate of the organization. In any organization, every department or work group may have a unique climate. The atmosphere of one of the departments is supposed very tense because of the presence of an authoritarian leader. Whereas in another department, the atmosphere is so cheerful and friendly since the leader is an emotionally matured and cooperative. The organizational climate in industry is so important that everyone should be aware of its influence. After the review of these organizational climate approaches, a sound climate is a long proposition. Many executives realize that the riches assets and the most difficult problems of a company are its people. People provide business with its great strengths. Beside that a strategy that is collective climate study model inclusive of organizational climate, group climate and psychological climate has to be established for better understanding of the overall climate prevailed in an organization.

Secondly, findings of the review suggest that further approaches can be framed to investigate organizational climate on several organizations in the same industry to examine the variation in perceptions across

ORGANIZATIONAL CLIMATE	ORGANIZATIONAL CULTURE
It has its roots in social psychology discipline.	It originates in the anthropology domain.
Focus is on the individual's perceptions and cognitions which are used to comprehend and discriminate attributes of the organizational internal environment.	Focus is on analysing the underlying structure of symbols, myths and rituals which lead to shared values, norms and meanings in groups.
Relatively enduring characteristic of the organization.	Highly enduring characteristic of the organization.
It is shallower with regard to penetrating individuals' consciousness and organizational realities. It is more visible and operates at the level of attitudes and values.	It occurs at the level of attitudes and values, but also at a deeper level of assumptions. It is relatively invisible and is preconscious in individuals.
It evolves more quickly and changes rapidly.	It evolves slowly and is not easy to change.
Unique characteristics of individuals are evident.	Collective characteristics are exhibited
Quantitative methodology of research is used.	Qualitative methodology of research is used.

Source: Denison (1996) & Moran & Volkwein (1992)

organizations in an industry.

CONCLUSION

Organizational climate can be regarded as a descriptive concept that reflects the common view and agreement of all members regarding the various elements of the organization such as structure, systems, policies and practices (McMurray, 2003). Hence, organizational climate essentially refers to the experience of employees in the organization. The concept of organizational climate centres on perceptions. The concept of organizational climate captures employee's perceptions of the psychologically potent or influential features of the work place, such as whether the employees have autonomy, pride in their work, good working relations with other personnel including their superiors, and many other working conditions (James, 1982). Various researchers have tried to analyze the concept from different angles. James and Jones (1974) also sought which dimensions of climate could be generalized from many studies completed and categorised into three approaches such as PMOAA, MMOAA & PMIAA. Moran and Volkwein (1992) also proposed four approaches towards how climate is emerged and formed in the organization. Previous theories, definitions, models, and measurements have established that both Organizational and Psychological Climate have very strong influence on the individuals in terms of job performance, work attitudes etc (Joyce and Slocum, 1979, 1984). But various researches under the three approaches proposed by James and Jones have also proved the necessity of an Organizational Climate model for the strategic purpose of the organization. Creating a positive organizational climate is not a new idea, but it has become a corporate imperative now and after all, a healthy climate increases employee motivation, catalyzing more effective performance (Atkinson & Frechette, 2009). Climate inside organizations is often considered actionable, i.e. management can try to shape climate in order to pursue organizational goals and affect performance (Litwin and Stringer, 1968; Denison, 1996; Rogg et al., 2001; Haakonsson et al., 2008). Hence, "Collective Climate" is a conceptual model developed by Joyce and Slocum (1977, 1979, 1982, and 1984) that can serve the purpose. Collective Climate is based on the perceptions of the individuals who share common multidimensional descriptions of their work environment. The composite rule for framing Collective Climate is the consensus among individuals' perceptions of work setting. The concept has been

studied in terms of technology, workforce demographics, and required work interactions (Joyce and Slocum, 1984; Jackofsky and Slocum, 1988). Since climate is the psychological or perceptual description of individuals, the climate in an organization can be seen as the collective perception of employees towards the culture of the organization (Al-Shammari, 1992). Therefore, the concept of strategic context of Collective Climate may best represent Organizational Climate. Collective Climate is the perception of particular organizational practices. Hence, the Organizational Climate can be described as the aggregate perceptions of the characteristics of the organizations. Organizations influence the perceptions with various factors but principally through structure, technology, and control systems. The "Collective Climate" concept has simultaneously established and unified the Organizational Climate from the organizational viewpoint, and the Psychological Climate based on individuals' perception on organizational practices and procedures. For any organization, it is the main necessity that it should have strategic plans, so strategy towards collective climate that unifies organizational climate and psychological climate will prove the most effective model for diagnosing organizational climate.

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IMPACT OF DISTRIBUTORS' PERCEPTION FOR THE FACTORS AFFECTING THE JOINING OF NETWORK MARKETING ON PERCEIVED SATISFACTION

Dr. Pratistha*

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ABSTRACT

This research papers examines the impact of distributors' perception for the factors affecting the joining of network marketing on perceived satisfaction. The sample consists of 400 registered distributors of different network marketing organizations operating in National Capital Region of Delhi and Haryana. Factor analysis has been applied to identify the factors affecting the joining of network marketing. Six factors have been extracted namely income opportunity, good reputation, social satisfaction, product attributes, personal satisfaction and personal influence. Multiple Linear Regression has been used to examine the impact of distributors' perception for the factors affecting the joining of network marketing on perceived satisfaction. The findings designate that all the six extracted factors have a significant influence on perceived satisfaction. This is an opportunity for the growth of network marketing industry in India which can be grabbed through strengthening its credibility and reliability in terms of income opportunity, products, rewards schemes and services. It can be enlarged by following legal as well as ethical path.

KEYWORDS: Network Marketing, Distributors, Perception, Satisfaction.

INTRODUCTION

Network marketing is a specific form of direct selling in which network marketing organizations reward the distributors for selling the products and services directly to consumers away from a fixed retail location, either

face to face or at home/work place through explanation and demonstration of products and services. In addition, each distributor gets an opportunity to create own independent business usually called a down line or multi-level organizational structure or network through recruiting, directing, training, motivating and grooming others for selling the products and services. Basically, network marketing organizations follow network marketing approach for the distribution of the products and services. These kinds of organizations are also called multilevel marketing organizations because these organizations adopt multilevel structure of compensation (Lan, 2002; Vander & Keep, 2002; Harris, 2004; Selladurai, 2012).

For making accurate and practicable decisions, it is very crucial for network marketing distributors to perceive the things in the same way in which these things exist. Distributors' perception affects the way in which they understand their organizational environment and these perceptions have a direct influence on their decision making. Right perception towards network marketing results in creation of a wide and successful network that leads the organization in a right direction and contributes in the growth of network marketing organizations. In addition, perception of existing distributors forms the base of attracting prospective distributors to join the network marketing organizations. Therefore, it becomes essential to recognize the importance of cues or signals in the form of distributors' perception regarding network marketing organizations in India.

Review of Literature

Network marketing is considered as an opportunity that provides residual income, which is not attainable by those who only enjoy linear income (Peterson and Wotruba, 1996; Hedges, 2001; Kiyosaki, 2004). It is a business that assures financial independence with personal and social freedom (Wotruba and Tyagi, 1995; Kiyosaki, 2004). Products of high quality, good image, culture and attitude of the management are the crucial factors for the prosperity of network marketing companies (Chen et al., 2000). Most of the network marketing companies promise to offer 'friend's benefits and incentives', 'business development', 'product quality and credibility', 'social benefits' and 'product benefits'

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to the customers (Kiaw and Run, 2007). Nga and Mun (2011) found a significant influence of MLM Company and agent attributes on the willingness to undertake MLM as a career option except MLM schemes. General agent attributes showed a significant negative influence. Keun (2004) concluded that social satisfaction is the most commanding factor effecting the decision making of respondents to adopt network marketing while financial satisfaction is the least commanding one. Chen et al., (1998) found that the main reasons to join MLM business are 'establishing one's own business', 'needs for products', 'increasing incomes', 'effectiveness of the products', 'good company image', and 'bright future prospects of the industry'. Muncy (2004) examined the ethical and legal issues connected with multilevel marketing. He suggested that if any company satisfies the criterion of legality it does not mean that such company is also working ethically. The criteria of legality and ethicality are related with the issues like process of making money, legitimacy of the product, cost involved and work requirement. Vyas and Batish (2009) investigated the participation of women in different direct selling enterprises. It has been assessed that 'good reputation of the company' followed by 'success of friends', 'easiness to start the business', 'success of friends' 'popularity of products' and 'low investment' are the reasons to adopt network marketing.

Thus, most of the studies regarding factors leading to the adoption of network marketing have been conducted in foreign countries. However, not much work could be traced specifically focusing on impact of perception of motivating factors on perceived satisfaction in Indian context. Therefore, the present study is an attempt to bridge this research gap.

Objective of Study

The study has been conducted to examine the impact of distributors' perception for the factors affecting the joining of network marketing on distributors' perceived satisfaction.

Research Methodology

The current study is descriptive in nature. Primary data have been used in the present study. The population comprised of registered distributors who are also the consumers of different network marketing companies like Amway, Oriflame, Tupperware, Avon, Modicare, Vestige, DXN, Altos, Glaze and Herbalife from National Capital Region. The respondents have been contacted in weekly meetings of the distributors of the various organizations. The data have been collected with the

help of a structured questionnaire. First section of the questionnaire contains demographic profile of the respondents. Section II includes 30 items to examine the distributors' perception regarding factors affecting the joining of network marketing. For this section, five point Likert type scale has been used ranging from extremely influential (5) to not at all influential (1). Section III contains a list of seven statements regarding distributors' perceived satisfaction for network marketing. The sample size for the present study is 400. Since, it includes respondents from 10 network marketing organizations, data have been collected evenly from sample organizations i.e. 40 respondents from each organization.

Data Analysis Techniques

The data have been analyzed using Principle Component Analysis (PCA) method of Exploratory Factor Analysis (EFA) because the purpose is only to reduce the data in order to obtain minimum number of factors required to represent the original set of data. The Varimax factor rotation method has been used as the factors are related to each other. Factor loadings above 0.30 have been considered significant in this study. Significance of the factor loading depends on the sample size. For a sample size of 300 factor loading should be greater than 0.298 (Stevens, 2002; Hair et al., 2010). Eigen values related with a construct indicate the substantive importance of that factor. Constructs having Eigen values one or more than one have been retained as it represents the substantial amount of variation explained by a factor (Kaiser, 1960). The Kaiser-Meyer-Olkin measure of sample adequacy (KMO) has been used to measure the sample adequacy. It varies between 0 and 1 (Kaiser, 1970). The Bartlett's test of sphericity is used to test for the adequacy of the correlation matrix i.e., the correlation matrix has significant correlations among at least some of the variables (Ho, 2006).

Reliability means that a measure should consistently reflect the construct that it is measuring. The reliability of all the constructs of the present study has been measured through Cronbach's alpha as it is an estimate of the average of all the correlation coefficients of the variables within a test (Ho, 2006). The touchstone for Cronbach's alpha of above 0.60 has been followed for the present study.

The hypotheses of the present study have been tested by using Multiple Linear Regression (MLR) method. The dependent construct of the study is distributors' perceived satisfaction. The independent constructs are the factors related to the distributors' perception for

joining the network marketing.

Model fit is deemed to be achieved if the F-statistic generates a p-value of less than 0.05 (Field, 2009). The critical value of 0.05 has been adopted to approach the significance of the t-values coupled with each of the hypotheses of the present study.

Hypotheses of the Study

H0(1): Distributor' perception for income opportunity has a significant influence on perceived satisfaction.

H0(2): Distributor' perception for good reputation has a significant influence on perceived satisfaction.

H1(3): Distributor' perception for social satisfaction has a significant influence on perceived satisfaction.

H1(4): Distributor' perception for product attributes has a significant influence on perceived satisfaction.

H1(5): Distributor' perception for personal satisfaction has a significant influence on perceived satisfaction.

H1(6): Distributor' perception for personal influence has a significant influence on perceived satisfaction.

Analysis and Interpretation of Data

Descriptive Statistics

The sample incorporates 52 per cent females and 48 per cent males. Gender distribution represents that females are more actively engaged in network marketing compared to males. Age distribution reflects that majority of the participants in network marketing belong to 18-45 age group. 67.2 per cent respondents involved in network marketing are married

and 32.8 per cent respondents are unmarried. Majority of the respondents (35.2 per cent) respondents belong to Rs. 40,000-60,000 monthly income group. As far as experience is concerned, majority of the respondents i.e. 62 per cent are having network marketing experience for more than five years experience in network marketing industry which indicates the long term association of the respondents with their network marketing. Majority of the respondents i.e. 67.2 per cent indicated that they have another job beside network marketing, while, 32.8 per cent respondents indicated that they have no another job beside network marketing. Out of 67.2 per cent respondents having another job beside network marketing, 41.3 per cent respondents indicated that they consider another job as preferable work activity, 27.5 per cent consider network marketing as preferable work activity.

Factor Analysis Approach

The following table 1 represents the tests i.e. Kaiser-Meyer-Olkin (KMO) measure of sample adequacy and Bartlett's test of Sphericity for the significance of the correlations among at least some of the variables of the assumptions for the application of Exploratory Factor Analysis (EFA)

Table 1: Kaiser-Meyer-Olkin (KMO) and Bartlett's Test Values

Kaiser-Meyer-Olkin (KMO) Measure of Sample Adequacy	0.87
Bartlett's Test of Sphericity	3568.81
<i>p</i> -value	0.000*

Table 2: Eigen Values and Total Variance Explained for the Extracted Factors

Factors	Eigen Values	Percentage of Variance Explained	Cumulative Percentage of Variance Explained
Income Opportunity	7.280	25.103	25.103
Good Reputation	3.283	16.319	41.422
Social Satisfaction	1.979	7.479	48.901
Product Attributes	1.778	5.751	54.652
Personal Satisfaction	1.635	5.260	59.912
Personal Influence	1.434	4.565	64.477

Source: Primary Data

Table 2 depicts that six factors i.e. 'income opportunity', 'good reputation', 'social satisfaction', 'product attributes', 'personal satisfaction', and 'personal influence' have been extracted through Principal Component Analysis (PCA) method of Exploratory Factor Analysis (EFA). All the factors have Eigen values greater than one indicating

that all the factors are valid factors and more common variance than unique variance is explained by each factor (Ho, 2006). All the six extracted factors explain 25.103%, 16.319%, 7.479%, 5.751%, 5.260%, and 4.565% respectively. The cumulative percentage of variance accounted by the six extracted factors is

64.477.

The following table 3 describes the factor loadings, measure of reliability i.e. Cronbach's Alpha, mean, standard deviation and ranks on mean score basis for the six extracted factors.

Table 3: Factor Loadings and Cronbach's Alpha for the Extracted Factors

Factors	Items	Factor Loading	Cronbach's Alpha	Mean	S.D.	Rank
Income Opportunity	Infinite income potential	0.711	0.812	3.68	0.50	II
	Setting up own business	0.677				
	Residual income	0.627				
	Financial security	0.602				
	Supplementary income	0.597				
	Bright Future Prospects	0.547				
	Money back guarantee	0.522				
	Low investment	0.503				
Good Reputation	No chance of loss	0.481	0.852	3.46	0.80	IV
	Financially and operationally stable	0.821				
	Transparent and Reliable system	0.817				
	Working with an organization with which proud to be associated	0.803				
	Legal and ethical in operations	0.661				
Social Satisfaction	Support system for training and motivation	0.479	0.672	3.25	0.81	VI
	Broadening of social circle	0.728				
	To have influence over and create a positive impact upon community	0.620				
	Opportunity to teach and learn	0.619				
	Make use of the skills one have	0.596				
Products Attributes	Opportunity for team work	0.579	0.634	3.80	0.74	I
	Convenience in purchasing of products	0.709				
	Quality products	0.698				
Personal Satisfaction	Innovative promotion schemes/incentives	0.601	0.675	3.59	0.79	III
	Personal time freedom	0.746				
	Flexibility to work at one's own pace and time	0.657				
Personal Influence	Personal growth and development	0.489	0.689	3.37	0.86	V
	Sense of satisfaction and self motivation	0.732				
	Friends in business	0.715				
Overall Cronbach's Alpha	Pressure of relatives	0.680	0.86			

Source: Primary Data

Factor I: Income Opportunity

Table 3 depicts that network marketing distributors have perceived income opportunity to be the most significant factor affecting the joining of network marketing. This factor includes the items such as 'infinite income potential (factor loading=0.711)', 'setting up own business (factor loading=0.677)', 'residual income (factor loading=0.627)', 'financial security (factor loading=0.602)', 'supplementary income (factor loading=0.597)', 'bright future prospects (factor loading=0.547)', 'money back guarantee (factor loading=0.522)', 'low investment (factor loading=0.503)' and 'no chance of loss (factor loading=0.481)'. Network marketing has been considered as a source of infinite income, through which residual income (money that keeps coming long after completion of initial work) can be generated without interfering present job or business. It has been perceived that network marketing provides an opportunity to set up own business as well as financial security. It has also been analyzed that bright future prospects, low investment, money back guarantee, and no chance of loss also affect the joining of network marketing. Part-time or short-period specific target distributors normally consider 'income opportunity' factor for joining the network marketing.

Factor II: Good Reputation

It has been discovered to be the next important factor affecting distributors' perception to join network marketing. It involves the items such as 'financially and operationally stable (factor loading=0.821)', 'transparent and reliable system (factor loading=0.817)', 'working with an organization with which proud to be associated (factor loading=0.803)', 'legal and ethical in operations (factor loading=0.661)' and 'support system for training and motivation (factor loading=0.479)'. It reflects that most of the distributors who join network marketing consider the good reputation of network marketing organizations like stability, reliability, transparency, ethicality and legality and public image of the particular organization. It has also been determined that training and support system provided by a network marketing organization also attracts the distributors toward network marketing. Career oriented distributors normally consider 'good reputation' for joining network marketing.

Factor III: Social Satisfaction

The next crucial factor, which affects distributors' perception for joining the network marketing is social satisfaction provided through network marketing to the distributors. Distributors considered network marketing

as an opportunity to 'broadening of social circle (factor loading=0.728)', 'to have influence over and create a positive impact upon community (factor loading=0.620)', 'opportunity to teach and learn (factor loading=0.619)', 'make use of the skills one have (factor loading=0.596)' and 'opportunity for team work (factor loading=0.579)'. It reflects that network marketing is an opportunity to get social satisfaction in terms of broadening of social circle, using one's skills to teach and learn in the form of a team and creating a positive impact on society. Socially conscious and social recognition seeker distributors weigh the 'social satisfaction' factor for joining network marketing.

Factor IV: Product Attributes

The next crucial factor affecting distributors' perception to join network marketing is product attributes. It includes the items such as 'convenience in purchasing of products (factor loading=0.709)', 'quality products (factor loading=0.698)' and 'innovative promotion schemes/incentives (factor loading=0.601)'. The success of every marketing organization primarily depends on the type and quality of the products or services provided by it to its consumers. Distributors of network marketing organizations also play the role of a consumer. They buy the products at discount (wholesale/retail rebates) for resale as well as their personal consumption. Network marketing organizations adopt various innovative promotion schemes/incentives. In this way, such promotion schemes or incentives also lead to the joining of network marketing. Due to home delivery, convenience is felt in buying the products through network marketing. Internal consumption distributors get attracted toward 'product attributes' factor for joining network marketing.

Factor V: Personal Satisfaction

The next important factor affecting distributors' perception to join network marketing is personal satisfaction. Respondents stated that their desire for own personal development directed them towards network marketing. The most commanding personal attributes are 'personal time freedom (factor loading=0.746)', 'flexibility to work at one's own pace and time (factor loading=0.657)' and 'personal growth and development (factor loading=0.489)'. Network marketing is that platform which allows working freely at anytime from anywhere. It does not lay down any time or place restrictions. Female section gets a chance to create their own identity by using their skills and to contribute in their family income.

Factor VI: Personal Influence

The last factor affecting distributors' perception to join network marketing is personal influence. It contains the items such as 'sense of satisfaction and self motivation (factor loading=0.732)', 'friends in business (factor loading=0.715)' and 'pressure of relatives (factor loading=0.680)'. It reflects that individuals' self satisfaction and motivation level also appeal them to join network marketing. Influence of reference group (friends and relatives) also affects the joining of network marketing.

Table 3 depicts that on the basis of mean scores, 'product attributes' factor has been ranked as number one affecting distributors' perception to join network marketing. 'Income opportunity' factor has been ranked as number two, 'personal satisfaction' factor as number three, 'good reputation' factor as number four, 'personal influence' factor as number five and 'social satisfaction' factor as number six affecting distributors' perception to join network marketing.

The following table 4 represents the tests i.e. Kaiser-Meyer-Olkin (KMO) measure of sample adequacy and Bartlett's test of Sphericity for the application of Exploratory Factor Analysis (EFA) for perceived satisfaction.

H1(3): Distributor' perception for social satisfaction has a significant influence on perceived satisfaction.

H1(4): Distributor' perception for product attributes has a significant influence on perceived satisfaction.

H1(5): Distributor' perception for personal satisfaction has a significant influence on perceived satisfaction.

H1(6): Distributor' perception for personal influence has a significant influence on perceived satisfaction.

Analysis and Interpretation of Data

Descriptive Statistics

The sample incorporates 52 per cent females and 48 per cent males. Gender distribution represents that females are more actively engaged in network marketing compared to males. Age distribution reflects that majority of the participants in network marketing belong to 18-45 age group. 67.2 per cent respondents involved in network marketing are married and 32.8 per cent respondents are unmarried. Majority of the respondents (35.2 per cent) belong to Rs. 40,000-60,000 monthly income group. As far as experience is concerned, majority of the respondents i.e. 62 per cent are having network marketing experience for more than five years in network marketing industry which indicates the long term association of the respondents with their network marketing. Majority of the respondents i.e. 67.2 per cent indicated that they have another job beside network marketing, while, 32.8 per cent respondents indicated that they have no other job beside network marketing. Out of 67.2 per cent respondents having another job beside network marketing, 41.3 per cent respondents indicated that they consider another job as preferable work activity, 27.5 per cent consider network marketing as preferable work activity.

Table 4: Kaiser-Meyer-Olkin (KMO) and Bartlett's Test Values for Perceived Satisfaction

Kaiser-Meyer-Olkin (KMO) Measure of Sample Adequacy	0.89
Bartlett's Test of Sphericity	1239.45
<i>p</i> -value	0.000*

Source: Primary Data

*Significant at five per cent level

Table 4 indicates that the value of Kaiser-Meyer-Olkin (KMO) measure of sample adequacy is 0.89, which is quite good indicating the adequacy of sample size for applying the Exploratory Factor Analysis (EFA). The value of Bartlett's test of Sphericity is also significant at five per cent level of significance. It indicates the significance of the correlations among some of the variables related to perceived satisfaction.

The following table 5 represents that single factor i.e. perceived satisfaction having an eigen value i.e. 3.971 has been extracted through the application of Exploratory Factor Analysis (EFA), which explains 56.734% of total variance.

Table 5: Factor Loadings, Eigen Values and Total Variance Explained for Perceived Satisfaction

Factor	Factor Loading	Eigen Value	Percentage of Variance	Cronbach's Alpha	Mean (Standard Deviation)
Perceived Satisfaction					
Feeling of worthwhile accomplishment with the organization	0.830	3.971	56.734	0.87	3.48 (0.47)
Feeling secured future with the organization	0.813				
The amount of challenge in the organization	0.809				
Feel loyalty toward the organization	0.792				
Talk about the organization to friends as a great organization with which to work	0.785				
The amount of personal growth and development provided by the organization	0.690				
Feeling proud to be a part of the organization	0.497				

Source: Primary Data

Multiple Linear Regression Approach

For examining the impact of distributors' perception for the factors affecting the joining of network marketing on perceived satisfaction, multiple linear regression method has been applied. The dependent variable for multiple linear regression is perceived satisfaction. The independent variables are the extracted factors affecting

the joining of network marketing.. The MLR model for testing of the hypotheses is as follow:

$$\text{Perceived Satisfaction} = \alpha + \beta_1 \text{ Income Opportunity} + \beta_2 \text{ Good Reputation} + \beta_3 \text{ Social Satisfaction} + \beta_4 \text{ Product Attributes} + \beta_5 \text{ Personal Satisfaction} + \beta_6 \text{ Personal Influence} + \epsilon$$

Table 6: Multiple Linear Regression Analysis for Perceived Satisfaction and Extracted Factors

	Standardized Coefficients	t-value	p-value	Collinearity Statistics	
	Beta			Tolerance	VIF
(Constant)		3.132	0.002		
Income Opportunity	0.318	6.850	0.000*	0.712	1.405
Good Reputation	0.287	5.873	0.000*	0.641	1.559
Social Satisfaction	0.210	4.036	0.000*	0.984	1.016
Product Attributes	0.257	5.886	0.000*	0.804	1.244
Personal Satisfaction	0.231	5.089	0.000*	0.684	1.462
Personal Influence	0.187	5.823	0.000*	0.895	1.118
Adjusted R ² 0.68					
F-Statistic 145.79					

Source: Primary Data

*Significant at five per cent level

Table 6 depicts the coefficients of multiple linear regression for 'perceived satisfaction'. The significance of model fit has been achieved with an observed F-statistic of 145.79 with a p-value less than five per cent level of significance. The adjusted is 0.68 which indicates that all the five factors affecting distributors' perception to join network marketing account for 68 per cent of the total variation in dependent variable i.e. perceived satisfaction. The variance inflation factor (VIF) indicates whether a predictor has strong linear relationship with other predictor(s) (Field, 2009). The variance inflation factors are below the suggested threshold of 10 indicating acceptable degree of collinearity (Hair et al., 2010). Distributor' perception for 'income opportunity', 'good reputation', 'social satisfaction', 'product attributes', 'personal satisfaction' and 'personal influence' exert a significant influence on 'perceived satisfaction', as the t-values for all the factors are significant at five per cent level of significance. Therefore, H0(1), H0(2), H0(3), H0(4), H0(5) and H0(6) are not supported.

Major Findings

The present study has been carried out to examine the impact of distributors' perception for the factors affecting the joining of network marketing on their perceived satisfaction. The findings indicate that distributors' perception for the factors i.e. income opportunity, good reputation, social satisfaction, product attributes, personal satisfaction and personal influence have a significant positive impact on distributors' perceived satisfaction for network marketing.

Implications

Due to rise in cost of living and increased consumption basket of families, network marketing is being considered as a supplementary income prospect. Network marketing industry could undertake the opportunity to attract more and more distributors through strengthening its credibility and reliability in terms of income opportunity, products, rewards schemes and services. It can be enlarged by following legal as well as ethical path. Government should also take necessary and sufficient actions to create a positive as well as legal identity of network marketing industry.

Areas for Future Research

Similar type of study can be undertaken by collecting data from the respondents operating in other areas of the country. Future research can also be conducted by taking non-distributors (only consumers) as respondents.

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MARKET REACTION AROUND MERGERS AND ACQUISITIONS ANNOUNCEMENTS IN INDIA: A TEST OF EFFICIENT MARKET HYPOTHESIS

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ABSTRACT

The purpose of this study is to test the efficiency of the Indian stock market in semi-strong form of Efficient Market Hypothesis (EMH). Three forms of market efficiencies exist, i.e. Weak, Semi- Strong, and Strong. These forms elucidate how rapidly the stock market reacts to publicly announced information. One such information is the news regarding merger and acquisition. For the purpose, standard event study methodology has been used. This study examines impact of information with regard to major mergers and acquisitions on stock prices in the Indian stock Market. For the purpose, risk adjusted rates of return of using single index model for seventeen acquiring companies involved in mergers and acquisition during June 2015 to September 2016 have been used. Paired t-test has been used to test the hypothesis if there were abnormal gains around the event date. The Results here lead to the conclusion that Indian stock Market has not been semi-strong form of efficiency during the event period. Evidence of earning surplus return after the event was witnessed.

KEYWORDS: Efficiency, Mergers, Acquisitions and EMH.

INTRODUCTION

Transformation of Indian economy has enabled Indian companies to get considerable attention around the Globe, predominantly as cross border acquirers of the firms. The corporate sector around the globe is formulating its consolidation strategy using altogether different ways, such as, mergers and acquisitions.

Purpose of such strategies is to counter challenges posed by the emerging pattern of globalization in neo-liberal economic regime. The intensity of cross-border operations recorded an unprecedented surge since the mid-1990s and the same trend continues (World Investment Report, 2000). Earlier, foreign firms were expanding their market through the setting up of wholly owned subsidiaries in overseas markets (Jones, 2005), that is not considered best option as it requires much effort and time that is not fit for the present global scenario. The Indian firms are also experiencing such a boom in mergers and acquisitions that resulted into consolidating strategies. Indian M&A transactions are largely motivated by the ambition for expansion. These firms are leveraging low cost advantage to build competent business models. They are looking for access fast growing developing markets as well as share in lucrative developed economies. They are seeking this goal through acquisitions of companies. Information pertaining Mergers and Acquisitions is by and large good news for the shareholders of the firm. Owing to the strategy company may lower down the costs, consequently more profit should be generated. Also, if a company is joined with a competitor, the two together will now have more market power and an increased market share (Ross, 2008). The concept of market efficiency reveals the association of the information and stock prices in the market. The origins of the EMH can be traced back to Bachelier's doctoral thesis 'Theory of Speculation' in 1900 and seminal paper titled 'Proof That Properly Anticipated Prices Fluctuate Randomly' by Nobel Laureate Paul Samuelson in 1965. But it was Eugene Fama's work (1970) 'Efficient Capital Markets' who coined the term EMH and advocated that in efficient market securities prices fully reflect all the information. Fama (1970) categorizes MARKET EFFICIENCY into its three forms- Weak form, semi strong form and strong form. A market is in its Weak Form of efficiency if present share prices reflect all historical information. In such market it is not possible for investors to make use of past data for predicting future prices. Thus, abnormal returns cannot be earned. On the basis of past trend, Semi-Strong Form of a market demonstrates that the existing stock price reflects both, historical information as well as the publicly available information. Therefore any new

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information is not useful for the investors to earn abnormal returns. A market is said in its Strong form, if current stock prices absorb all information. That information may be public or private, hence an investor can not earn excess return even by private information. So, predicting stock prices and market efficiency are inversely related.

REVIEW OF LITERATURE

Poterba and Summers (1988), in their study used stock prices for 7 years and found variance of third year returns on diversified portfolios increased less, if it is compared with proportion of total period. The study found that there is negative autocorrelation in returns caused by temporary price changes. Finnerty, JE (1976) conducted strong efficiency test in NYSE using the regression methodology. In the study the linearity of the relationship between the risk-adjusted rates of return for the insider portfolio and the risk adjusted rates of return for the market was considered with several other significant variables. The study found that the market is not strong-form efficient. Insiders can and do identify profitable as well as unprofitable situations within their corporations. Barnes (1986) conducted the weak form market efficiency test of the Kuala Lumpur Stock Exchange. The study concluded that the stock exchange is in high degree of efficiency. Butler and Malaikah (1992) compared Saudi Arabian and Kuwaiti stock market. The paper concluded that there are signs of inefficiency in the Saudi Arabian stock market, but not in the Kuwaiti market. Groenewold and Kang (1993) have conducted weak and semi-strong efficiency tests in Australian stock market and found the evidences of the weak form efficiency. Vandana, Gupta (2003), conducted the semi-strong efficiency test of the Indian Stock market for five years, from 1995 using event study. The study was based on a sample of 145 bonus issues, in order to examine the impact of announcement of bonus issues on stock prices in India. It was found that the Indian Stock market was semi-strong form efficient. Samanta (2004) conducted efficiency test using daily data of BSE for eight years, from January 1993 to December 2001. It was found that the market was inefficient till June 1996. The market showed high level of efficiency during July 1996 to December 1999 and after that depicted lower level of efficiency. Iqbal and Mallikarjunappa, T. (2007) examined market to assess impact of quarterly earnings announcements of sample of 149 companies listed on the Bombay Stock Exchange applying both parametric and non-parametric tests. The study found that Indian stock market is not efficient in semi-strong

form. Pichardo, Christine and Bacon, Frank (2009), assessed the impact of Lehman Brother's Bankruptcy on the overall market. It was proved that the bankruptcy had a negative impact on stock price's. Mishra, P.K., Das, K. B. and Pradhan, B. B. (2009), in their study provide some empirical evidence on the efficiency of Indian stock market in the context of recent global financial crisis. The study by employing the unit root tests on the sample of daily stock returns, presents the evidence of weak form market inefficiency in India. The study further examines the mean reversion implication of market inefficiency and suggests the existence of mean reversion illusion in India.

RESEARCH GAP, SCOPE AND OBJECTIVE

The literature review reveals that several studies have been conducted on testing the semi strong form of efficiency of Indian stock market. Studies are also available on the impact of event announcements, such as, declaring dividend, bonus issue, right issue, stock split, quarterly announcement of earning etc. Researches as regards the effect of several economic factors on capital market have also been conducted. Only a few studies have been made concerning the impact of mergers and acquisitions on stock markets, particularly, on Indian stock market. Hence, the present study tests the market efficiency of Indian stock Market in its semi-strong form of Efficiency. The study analyzes the influence of information regarding mergers and acquisitions on Indian stock Market. The Foremost objective of this study is to analyze possibility of earning above normal return for an investor due to information regarding a acquisition. This will thus be a test of the efficient Market theory in semi strong form. During the period of two months i.e. one month before the event and one month after the event, reaction of market would be observed.

HYPOTHESIS AND METHODOLOGY OF THE STUDY

In order to test the market efficiency in Semi-Strong form regarding the impact of information about mergers the following hypothesis has been formulated. Null hypothesis (Ho) assumes that Indian stock market is efficient in semi strong form, whereas, alternative hypothesis (H1) presumes that Indian stock market is not in semi strong form of efficiency. In order to test semi strong form of efficiency we took recent mergers and acquisitions that were announced post June 2015. We identified thirty-nine mergers and acquisitions announcements which were reported by leading business newspapers like The Economic Times and Financial Express. Out of these there were eight deals of companies which involved unlisted companies such

as Snapdeal's acquisition of FreeCharge. So, we excluded them. Further, we checked the date of reporting by the newspapers and corporate announcements section of National Stock Exchange. Wherever we found discrepancies in the date of

reporting on the NSE and newspapers we dropped those names from our study. Finally, we were left with seventeen NSE listed acquirer companies in our sample. Hence, the study is based on the following sample of seventeen mergers and acquisitions deals during June 2015 till September 2016.

Table 1: List of mergers and acquisition during June 2015 to September 2016

Acquirer	Acquired	Date of announcement
Emami Limited	Kesh King	2 June 2015
PVR Ltd	DLF's DT Cinemas	9 June 2015
Rajesh Exports Ltd	Valcambi	27 July 2015
Hero Cycles	Firefox Bikes Pvt. Ltd.	17 September 2015
Infosys Ltd	Noah Consulting, LLC.	19 October 2015
HCL Technologies	PowerObjects	29 October 2015
Mindtree Consluting	Magnet 360	18 January 2016
Cognizant Tech. Solutions	KBACE Technologies Inc.	27 January 2016
Wipro Ltd.	HealthPlan Services	11 February 2016
UltraTech Cement Ltd.	Cement Plants of JP Asso. Limited	28 February 2016
Future Group	FabFurnish.com	8th April 2016
JK Tyre and Ind. Ltd	Cavendish Industries	18 April 2016
IDFC Bank	Grama Vidiyal Micro Finance Ltd.	12 July 2016
Tech Mahindra Ltd	BIO Agency Ltd.	22 June 2016
RCom	Aircel	Sep 14, 2016
Hinduja Foundries	Ashok Leyland	Sep 20, 2016
HDFC Life	Max Life	September 21, 2016

The methodology used in this study is the Event Study method, as used by Brown and Warner (1985). This particular method has been often used in finance to measure the return of stock price at several events such as merger announcements, dividend announcements, split-off of stocks etc. Practically, it has been presumed that market is efficient. Elton and Gruber (1984) insisted that strong market efficiency implies that stock prices reflect all available information. That is all information related to particular stock is publicly available to all the investors and reflected in the value of share prices.

The study has been done in following 3 stages -defining of the events, calculation of expected return by making use of particular model/method and calculation of abnormal returns and statistically test, using t-statistics, for its significance.

An event infers the duration or period in which the particular incident takes places. The methodology has been based on single factor model, capital asset pricing model (CAPM), which refers to a mathematical calculation based on one macroeconomic factor that affects the return of shares. The period in which announcement occurs of mergers are commonly considered very critical as market sentiments are at their peak. In order to capture this an event window of time from -30 day to 0 and 0 to +30 day has been referred as event period. Time from -30 to -1 has been taken as pre event date period and time from day 0 to day +30 has been considered as post event date period, as day 0 is the event date.

All the information regarding stock prices and the mergers have been obtained from National Stock Exchange (NSE) website. Two parameters from market model i.e. $\hat{\alpha}$ and $\hat{\beta}$ has been considered using Sharpe's CAPM model of estimation of Expected Return. In order to find alpha and beta regression analysis has been performed. Return on market has been taken as independent variable and return of stock has been considered as dependent variable.

For the period under review market return and return of the firm have been calculated using the following formula Where daily returns are calculated as -

$$(R_t) = E (P_{t+1}) - P_t / P_t \quad (1)$$

Where, Expected Return of Asset (R_t) has been calculated. $E (P_{t+1})$ represents return of security at t time and P_t depicts the return at t-1 date (relative return from previous day).

In the paper, Expected Return has been calculated as follows:

$$ER_t = \alpha_t + \beta_t R_{mt} + \varepsilon_t \quad (2)$$

Where α_t presents the normal return of the security, β_t refers to sensitivity of Security to the market and R_{mt} infers the return of market index (NSE Nifty). ε_t unexpected rise and downfall in return specific to the prospects of a security.

Daily abnormal returns have been calculated by deducting expected return to return of security on particular day.

$$AR_t = R_t - ER_t \quad (3)$$

The average abnormal return (AAR) for a security on day t calculated as follows:

$$AAR_t = (R_t - ER_t) / N^*$$

*N= Number of period considered for the event.

Further, Cumulative Average abnormal Returns (CAARs) have been derived by summing up the average abnormal return at various time intervals. For instance, CAAR of a security for particular time period from t1 to tn followed in the manner:-

$$CAAR = \sum_{t=t_1}^{t_n} AAR \quad (4)$$

To measure the impact of announcement on Shareholders wealth, event study has proven as an effective tool. Paired t-test has been used to capture the deviation in returns between two time period intervals.

t-statistic of return: R_t / SD_t

Where, SD refers to standard deviation of the residual of particular bank for the period t.

t-statistic of average return: $AR_t / SDAR_t$

Where, $SDAR_t$ refers to standard deviation of the abnormal return of bidder bank for the period t.

t-statistic of CAAR: $CAAR_t / SDAR_t$

Where, t = Respective window period.

Statistical Significance refers to testing of null hypothesis where assumption has been made Indian stock market is efficient in semi strong form. The significance of daily stock return (R_t), daily average abnormal return (AAR_t) and more importantly Cumulative Average Abnormal Returns (CAAR) of acquirer has been examined using paired t-stat at 5 percent significance level. If there is impact of the information on the stocks, average actual returns and average expected return should significantly differ.

ANALYSIS AND INTERPRETATION

Computation of daily returns and the results drawn shows that there was significant increase (at 5 percent

significance level) in the abnormal positive returns during event window of (± 1), (± 2), (± 3) and (± 5) days for the acquirer namely Emami Ltd (t-stat 2.93), PVR Ltd (t-stat 3.62), Rajesh Exports Ltd (t-stat 2.66), HCL Technologies (t-stat 2.90), Cognizant Tech Solution (t-stat 3.23), Wipro Ltd (t-stat 2.58), UltraTech Cements (t-stat 3.67), JK Tyres (t-stat 2.67), IDFC Bank (t-stat 2.83), Max Life (t-stat 3.46) and RCom (t-stat 3.17). However, for the acquirer companies namely Hero Cycles (t-stat 2.67), Infosys Ltd (t-stat 2.89), Mindtree Consulting (t-stat 3.02), Future Group (t-stat 2.67), Tech Mahindra (t-stat 3.53) and Hinduja Foundrie (t-stat 3.21) the result shows abnormal negative return during event window of (± 1), (± 2), (± 3), (± 4), (± 5) and (± 7) days. The reason for this negative return may be attributed to the fact that the market treated the information regarding merger negatively. However, in both cases, i.e. for abnormal positive and negative return the return were significantly different and these differences were statistically significant, hence null that Indian stock market is efficient in semi strong form is rejected.

Further, we tested the results for (± 10) (± 15) and (± 30) days and that the results are mixed. The results indicate significant increase in the abnormal returns for event window of (± 10) and (± 15) days for Emami Ltd (t-stat 2.6), PVR Ltd (t-stat 3.17), UltraTech Cements (t-stat 2.73), JK Tyres (t-stat 2.59), IDFC Bank (t-stat 2.83) and RCom (t-stat 2.66) only. Whereas for (± 30) days only PVR Ltd (t-stat 2.86) and UltraTech Cements (t-stat 3.64) shows significant increase in abnormal returns. The results further support acceptance of alternative hypothesis that the Indian stock market is not in semi strong form of efficiency.

CONCLUSION

The study tests the market efficiency of Indian stock market in semi-strong form of efficiency. The study uses standard risk adjusted event study methodology to find if the stock prices reflect all publicly information available and therefore resulting no abnormal gains to the investor. The semi-strong efficiency form of EMH theory does not show signs during the event window of +30 days. Thus, excess returns can be made by correctly picking undervalued shares, particularly during events like mergers and acquisition announcement.

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AN ESSAY ON ECONOMIC DETERMINANTS OF TOURISM GROWTH

Dr. ONKAR NATH MISHRA*

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- Abstract
- Keywords
- Introduction
- Review of Literature
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ABSTRACT

In 2014 more than one billion people crossed borders as visitors to different destinations while the number was merely 25 million in 1950, generating huge amount of revenue. It has brought tourism at the centre stage of all development discussions. India having a rich repository of tourism resources can derive advantage by exploiting the potential of tourism sector. This study examined the role of two important economic phenomena, namely globalization and economic growth in promoting tourism development in India. Two important questions that this study addresses are- has globalisation benefited the Indian tourism industry? And has the accelerated economic growth rate positively affected the tourism industry? The study clearly shows that globalisation has a favourable impact on the foreign tourist arrivals in India.

KEYWORDS: Tourism, Globalisation, Economic Growth, Time Series Analysis.

INTRODUCTION

In 2014 more than one billion people crossed borders as visitors to different destinations while the number was merely 25 million in 1950. Similarly, the revenue generated was to the tune of 738 billion Euros in 2011. Similarly its contribution to world GDP stood at 2.8% and share in total employment was 3.3%. This has brought tourism at the centre stage of all development discussions. India being a developing country over burdened by huge population faces massive development challenges. Still a vast majority

of the population lives in abject poverty and misery. In this context, it is important to focus on those areas from where masses can benefit in a big way. The tourism sector is one amongst them. Tourism is one of the fastest growing sectors of the global economy and developing countries are attempting to exploit it to create wealth. Many developing countries, facing debt burdens and worsening trade terms, have turned to tourism promotion in the hope that it brings foreign exchange and investment. Simultaneously, leading international agencies such as the World Bank, United Nations agencies and business organisations like the World Travel & Tourism Council (WTTC) have been substantially involved to make tourism a truly global industry.

The introduction of economic reforms in 1991 enabled India to achieve faster growth rate of around 8-9% on a year to year basis. The economic growth has however, not benefited all the sectors of the economy in the same magnitude and manner. While few industries have gained a lot others have suffered. Since tourism implies a stronger connection with the world and economic growth can aid and abet the development of this sector in myriad ways, there arises one question; has the higher growth rate translated into a higher tourism sector growth rate? One of the most important constituents of the economic reforms introduced in 1991 was globalisation. India thronged opened its doors for a free flow of goods, services, people and technology. Therefore, after more than two decades of the reform process it is pertinent to ask has the globalisation of the Indian economy benefited the tourism sector. These are the two important questions and finding answers to these is the prime purpose of this study.

The remainder of the study is structured as follow: section two presents a literature review on the inter relationship between the economic growth, globalisation and tourism sector growth. Section 3 delineates the methodology adopted for the study. It has been split into 5 sub sections with the first sub section (3.1) stating the research questions and research objectives. The second sub section (3.2) contains the variable and data description. Sub section 3.3 proposes the hypotheses to be tested. Last sub section 3.4 enumerates the data analysis techniques adopted for the study. Section 4 has been devoted to

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the analysis of data and related discussions. Section 5 presents the key findings of the study. Last section i.e. section 6 concludes with pointing out need for further research in this area.

2. Lessons from Literature

The tourism sector as a promising field of research has attracted a lot of attention in the recent years. However, most of the studies focus on the tourism sector in countries having high tourism specialisation. The nexus between the tourism sector growth and economic growth is one of the most studied areas and there exist ample literature. In the same way the impact of globalisation on tourism has also received attention, though less than the former for it is relatively a new phenomenon.

Tourism sector is one of one of the exemplars of the phenomenon of globalization. This is due to the geographical scale of the industry, increased spatial linkages between places and people from different locations. Although the term globalization has now been in use for several years, its contemporary connotation is rooted in the study of international relations (Burns and Holden, 1995; Youell, 1998). The word now cuts across the entire spectrum of academic 'tribalism' as it is being defined differently by different scholars, depending on their subject perspectives. Globalization has also become an umbrella term used for a complex series of economic, social, technological, cultural and political changes that are seen as increasing interdependence, integration and interaction between people and companies in different locations. In particular, it is due to the increase in worldwide business and trade between multinational and transnational corporations, among others, irrespective of their geographical locations, that the term has gained prominence (Cooper et al, 1998).

Through the process of intensification, the long-established trickles of tourists to the most distant corners of the globe have been transformed into large scale tourist flows (Waters, 1995). Shaw and Shaw (2002) have added that tourism is, in many ways, one of the most powerful exemplars of globalization as the geographical scale of travel and trade has become greater than it used to be, with spatial interactions taking place over greater distances and ever wider circles. Thus the globalization phenomenon has contributed significantly to the spread of tourists to the furthest reaches of the planet, including Africa. Thus, globalization, which is characterized by the escalating mobility of capital, people, ideas and information on a

universal scale, has become a sweeping theme in the contemporary world. Tourism and its associated economic activities are evidently not immune to such a wider context of the world economy (Zhao and Li, 2006).

Based on empirical analysis on the relationship between tourism development and economic growth in Hainan, Lu (2005) thinks that tourism income is one of major factors of economics growth in Hainan. Zhang (2009) studies the influences of tourism development on the regional economic growth by the regressive model and Granger causality tests, and the empirical results show that they are mutually the condition as well as the cause and result. Cao (2006) thinks foreign exchange income from tourism has noticeable effect on economic growth. Tourism industry generates spillover effect by industrial correlation to promote economic growth. Thus, tourism development is established as a popular strategy for economic growth across many areas (Andereck, Valentine, Knopf and Vogt, 2005; Matarrita-Cascante, 2010).

3. Data and Methodology

3.1 Research questions and objectives

From the literature review in the preceding section following gaps in the literature were identified:

- While there are many studies documenting the inter relationship between economic growth and tourism majority of them address the question that does tourism growth rate brings economic growth? Whether economic growth has been favourable to the growth of tourism has not been much studied.
- The most of the empirical studies explore the globalisation of tourism industry in terms of destinations branding. They do not answer the question that has globalisation brought cheers for tourism or not.
- There are very few such studies in case of India.
- From the above gaps in literature this study posits the following research questions:
 1. Has the higher economic growth rate in the last 3 decades favourably affected the tourism industry in India?
 2. Is there a significant influence of the economic growth on Indian tourism industry?
 3. How far the globalisation of the Indian economy has helped the tourism industry in India?

The study has the following objectives:

1. To assess the impact of economic growth on the tourism sector development
2. To explore the connection between the globalisation of Indian economy and the tourism sector growth in India
3. To highlight the implications of economic growth and globalisation for the tourism industry in India.

3.2 Variables and data description

This study explores the inter relationships between four variables namely:

- Foreign Tourist Arrival (FTA): The FTA variable has been used as a measure of the tourism sector growth in India. The higher inflows of foreign tourists signify the growing popularity of a nation as a tourism destination and vice versa. The FTA is determined by a host of factors ranging from the number and attractiveness of tourism destinations to monetary and financial conditions of the country. The data for the FTA has been obtained from the Bureau of Immigration for the period of 1981-2011. FTA has been preferred over Foreign Tourist Receipts for the simple reason that it is the former that causes the latter.
- Openness: In this study the extent of globalisation has been measured by the openness of the Indian economy. The openness has been calculated as the trade-GDP ratio. Higher the proportion of exports and imports the more integrated is that country with the world economy. The data pertaining to the exports, imports and GDP of India has been taken from the website of Reserve Bank of India.
- It is well known that openness promotes economic development. When a country opens its economy and is integrated with the world economy then it is likely to receive more foreign tourists. This happens in two ways. First, in a globalized economy many people visit for business and trade purposes. As for instance, Dubai in UAE receives huge inflow of foreign tourists due to MICE tourism. Second, globalization results in higher economic growth which provides the required capital and other resources for the development of tourism infrastructure. Tourism development requires heavy capital investments. Hence, FDI can be a good source to finance tourism projects.
- Per Capita GDP (PCGDP): This indicator measures the economic growth. There are strong arguments to prove that per capita GDP is a better measure

of economic growth than growth rate of GDP. This is because the latter does not take into account the population growth rate in the country. The data for the period 1981-2011 has been taken from the website of World Bank. The base year for calculating PCGDP has been taken as 2004.

- Economic growth is also positively related to the development of tourism industry. However, at the same time empirical literature is inconclusive regarding whether higher economic development causes tourism development or it is the higher tourism development that leads to higher economic growth. We expect a bi-directional causality between the two variables where both are found to be influencing each other. However, at lower level of development it is the economic development that paves the way for tourism development. But as time passes, tourism development adds significantly to economic growth.

3.3 Hypotheses

- This study specifically aims at testing the following two hypotheses:
 - H01: The economic growth has significant influence on the growth of tourism sector in India.
 - H02: The globalisation of Indian economy has significant impact on the development of tourism industry in India.

3.4 Techniques of Data Analysis

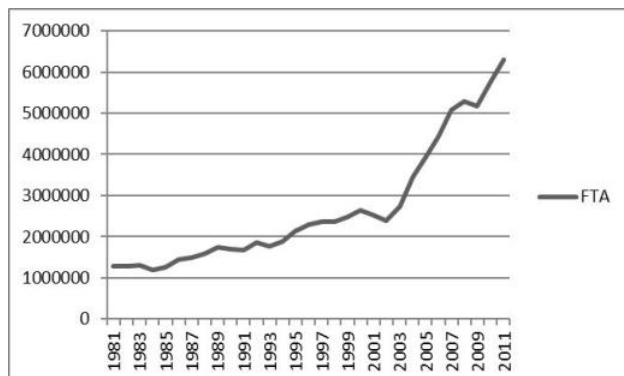
This study uses the techniques of time series econometrics. The descriptive statistics of all the variables have been calculated to have a preliminary idea. The JarqueBera test of normality has been put to use to test whether the variables are normally distributed or not. In time series econometrics the concept of stationarity is extremely important. The estimates derived from non-stationary time series may be prone to several errors and biases. Consequently, Augmented Dickey Fuller (ADF) test of unit root has been carried out for all the variables under investigation. The variables have been corrected for the unit root by taking appropriate differences. Finally, Ordinary Least Squares (OLS) estimation procedure has been used to estimate the parameters of the model. The data has been processed using the Microsoft excel and E-views.

4. Data Analysis and Discussion

Before we proceed to the estimation of the model, it is pertinent to have a brief account of tourism in India. The figure 1 shows the trend of FTAs in India since

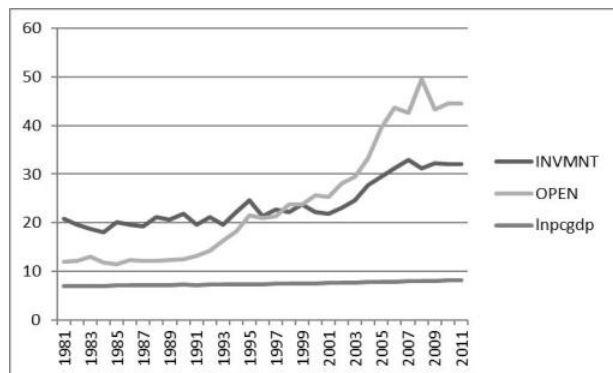
1981.

Figure 1: FTAs in India



It is clear that over the years the FTAs have been on rise. During 2001-03 there has been slight decrease in the FTAs. The year 2007 was the start of the economic crisis and therefore the FTAs declined from 2008 to 2009 as is evident from the figure as well. Since 2009 it has been continuously increasing. The figure number 2 depicts the trend of openness, investment and per capital GDP. The both variables openness and investment have fluctuations over the sample period. Since PCGDP is in log terms it is quite smooth.

Figure 2: Investment, Openness and PCGDP in India



The preliminary investigation of the data set has been carried out by the various descriptive statistical measures. The result has been presented in the table number 1. The mean tourist arrivals is 26.72 lakhs and the mean value of trade GDP ratio is 24.01. Except the InPCGDP all the variables have high standard deviations implying fluctuations in the respective time series set. The FTA is normally distributed and the value of Kurtosis is close to 3 in this case. The value of the skewness is quite low except for the FTA variable. It suggests that the various measures of central

tendency of the variables like Mean and Median are close to each other. Highly skewed variables reduce the reliability of estimates and hence, require sophisticated estimation procedures.

Table 1: Descriptive Statistics

Measures	Variables			
	Ln(PCGDP)	Investment	Openness	FTA
Mean	7.4595	23.7863	24.0136	2672729
Median	7.3853	22.1209	21.2890	2287860
Std. Deviation	0.3693	4.7263	12.5059	1490721
Skewness	0.4997	0.8579	0.6999	1.122376
Kurtosis	2.0880	2.2614	2.0730	2.989760
Maximum	8.1676	32.9821	49.5228	6309222
Minimum	6.9710	18.0421	11.48222	1193752
Jarque-Bera	2.3645	4.5075	3.6413	6.5087
Probability	0.3065	0.1050	0.1619	0.0386
No. of obs.	31	31	31	31

Prior to specifying the model and estimating it the unit root test has been conducted for all the variables. The hypotheses that have been tested are:

- " H0: The series Ln(FTA) has a unit root
- " H0: The series Ln(PCGDP) has a unit root
- " H0: The series openness has a unit root
- " H0: The series investment has a unit root

Table 2: Stationary Test of Variables

Variables	ADF Test Statistic				Prob. at 1 st Difference
	Level	Result	1 st Difference	Result	
Ln (FTA)	1.2580	accepted	-4.1056*	rejected	0.0035
Ln (PCGDP)	2.1548	accepted	-4.9070*	rejected	0.0005
Openness	0.3663	accepted	-6.2004*	rejected	0.0000
Investment	0.1745	accepted	-6.6010*	rejected	0.0000

*Denotes significance at 1% level

It is evident from the table that the hypotheses that series has unit root is accepted for all the variables. It implies that the time series data sets of all the variables are non stationary. In this case it is not possible to estimate the parameters of the model as they are inefficient. Hence, the series of all the variables have been made stationary by taking their first difference. The ADF test was again applied on the new series of variables. The table clearly shows that at first difference all the series are stationary and the hypothesis of unit root is thereby rejected. After testing for unit root and making the series stationary the following models were specified for estimation:

In the above model LN(FTA) is the dependent variable, β is the constant term, β_1 is the coefficient

corresponding to the openness, β_2 is the coefficient of per capita GDP and β is the pure white noise. The estimated model can be written as:

thus this study postulates that:

Tourism Growth = β (globalisation, growth)

The estimation results of the above model appear in the table number 3. The table tells that model is significant as the F ratio is less than 0.05 at 5% level of significance. The adjusted R² is 21.71% meaning thereby our model is able to explain 21.71% of the tourism industry growth in India.

Table 3: Estimation Results

Regressors	Coefficients	Std. Error	t	P > t	Model Fit
Openness	1.037569	0.0050	2.29	0.030*	F (2, 27)= 5.02
Ln(PCGDP)	0.004280	0.0048	-2.37	0.025*	Prob.> F= 0.0140
Constant	6.495325	0.0131	3.12	0.004*	R squared= 0.2711

Dependent variable is Ln (FTA)
*represents significance at 5% level

Adj. R squared= 0.2171
Root MSE= 0.6543

Another important indicator of the fit of the model is root mean square error. In this case the root MSE has a low value which further reinforces the validity of the specified model. The β_1 is more in value than β_2 . It implies that the effect of globalisation on tourism sector growth is more profound than the economic growth of the country in case of India. The result of the tests of the proposed hypotheses in this study has been tabulated in the table number 4.

Table 4: Test of Hypotheses

Hypotheses	t	P > t	Result
$\beta_1=0$	2.29	0.030*	rejected
$\beta_2=0$	-2.37	0.025*	rejected

*significant at 5% level

The rejection of the hypotheses that betas are zero leads to the acceptance of our both hypotheses. Hence, what the analysis entails is that not only the model is valid but all the individual variables are significant as well. Consequently, the first hypothesis that economic growth has significant influence on tourism sector growth in India is validated. The higher

economic growth rate has enabled the government to fund the various tourism projects. Also, sound infrastructure is a pre requisite for attracting the foreign tourists. The growth of the private sector investment in various areas of tourism like hotels, restaurants, healthcare, etc. has seen an increase in the last two decades. All these factors have India a popular tourism destination among the international tourists. Similarly, the hypothesis number 2 that globalisation has significant influence on the tourism sector growth in India has been validated as well. This is due to the fact that globalisation of the Indian economy has led to easing the norms for visiting India. The information and communication technology revolution that the country has witnessed has enabled to present the country on a global platform. Now the tourist from all over the world can get information about the various aspects of tourism in India. They have all the world class facilities available here.

5. Findings and Policy Implications

The major findings of this study are mentioned below:

- The rate of globalisation is an important determinant of the FTAs growth rate. The integration of the Indian economy with the world economy has significantly influenced the tourism sector growth in India in the last three decades
- The development process has profound impact on the tourism sector growth. The growth rate of per capita GDP influences the rate of growth of FTAs significantly.
- The Foreign Tourist Arrivals in India has been continuously increasing except for few years.
- The recent economic crisis has not deterred the foreign tourist from visiting India.

From the analysis of the data and above reported findings there are following policy implications:

- The government should continue to take measures that are conducive to the economic growth rate of the country. The higher living standard as a result of economic growth shall mitigate some of the problems of tourism sector.
- Special attention should be given to the development of infrastructure in the country especially around the areas of tourist attractions. Transport, telecommunication, energy, aviation and financial sector are the core areas that deserve special attention if tourism has to be promoted. The private sector investment in hotels, restaurants, healthcare, spa, resorts should be encouraged.

- India should continue to take measures aiming at closer ties with those economies that are the major source of international tourist inflow.
- Last but not the least, the promotion of India as a tourism destination should be done in those countries that are developing fast ie emerging economies. It shall enable the tourism sector in India to become less susceptible to negative developments in the developed countries.

6. Conclusion

In this study an attempt was made to assess the influence of globalisation process and economic growth on the development of India as a popular tourism destination. The globalisation and economic growth are two of the most controversial topics in many disciplines including tourism. It is often alleged that globalisation has negatively affected the Indian competitive position in many industries and the growth rate has remained confined to few sectors. It was against this backdrop that this study aimed at investigating the influence of globalisation and economic growth on the Indian tourism industry.

Taking suitable measures of tourism sector development, globalisation and economic growth namely foreign tourists arrivals, trade openness and log of per capita GDP respectively this study modelled the tourism sector growth as a function of globalisation and economic growth. Using the time series econometric techniques of stationary and ordinary least squares the model was estimated. The original series was corrected for non-stationary and the estimation results not only validated the model but also both the individual parameters including the constant were found to be significant. Therefore, it seems reasonable to argue that the Indian government should continue to take steps to leverage the globalisation and economic growth for promoting the tourism sector in India.

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WORK LIFE BALANCE AND IT'S IMPACT ON EMPLOYEE PERFORMANCE: EMPIRICAL ANALYSIS OF IT COMPANIES IN NCR

Dr Shalini Verma Sheel*

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ABSTRACT

Amidst pouring literature on employee work life balance, very few researches have linked WLB with performance of the employee. Organizations seeking their employees to perform are helping their employees imbibe the importance of having productive and balanced life rather than a life trapped between targets and deadlines only. The aim of this study was to investigate the linkage between the two variables particularly in IT sector, blamed for maximum work place stress but appreciated for best Work Life Balance policies. The results of the study indicate weak positive linkage between the two variables which is quite astonishing and indicates the need for further study in this area.

KEYWORDS: Work Life Balance (WLB), Quality of Work Life (QWL), Employee Performance.

INTRODUCTION

The conventional work place policies focused upon extracting the output from the employees without concerning about their perception and feelings about the feel good factor at work have been replaced by the employee centric Work Life Centric policies focused on reducing stresses and strains arising out of the complexities of the dynamic work environments as the employers have recognized the fact that improving WLB helps combat the pressures of competition as well as to perform at work, eventually contributing in organizational performance. In this scenario, high quality of work life is essential for organizations to

continue to attract and retain employees. This is the reason WLB concept has gained momentum recently and researches are going on worldwide to find out inputs for framing effective WLB strategies.

Literature Review

Work life balance is denoted as the ease and ability of a working professional to fulfill job and family related responsibilities hand to hand and parallel to each other. As the name denotes, it is the ability to conveniently balance the work (performance and career growth) and life (family time, 'me' time, rest and relaxation) priorities. When the work demands and family demands are not compatible with each other, work-family conflicts uproot as a result of work-family life imbalance. (Hammer & Thompson, 2003).

According to a recent Randstad survey, work-life balance initiatives by employers was the 4th ranked factor out of the top 10 parameters candidates ponder over while selecting a job offer (Namarata Singh, 2013).

The need to address work-life balance issues has escalated in the last few years due to the mounting workload and intermingled boundaries between work and family life as the resulting stress and scarcity of time push employees to opt working for the organizations which allow them to pursue interest and hobbies outside the job to help them get de-stressed (Namarata Singh, 2013).

Organizations have started acknowledging the facts that it is not only the family support system but the organizational support also that plays an important role in shaping employee's work life balance through implementing employee friendly policies at work and the degree to which the organizations are concerned on this issue, determines the employee's behavior at work (T S Santhi, Dr K Sundar, 2012).

In a latest survey of Indian companies it was reported that working women face greater difficulties in balancing work and family commitments are compared to working men, where 52% women reported difficulty in comparison to 39% men (Ankita Shreeram, 2014). Although working men also struggle to balance job related responsibilities with other non work priorities, but the work family conflicts have been noticed to bother working women more than their male

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counterparts.

For working women and particularly the mothering professionals, time and energy dedicated to family responsibilities and the stress to perform at work, go hand in hand and such women professionals most of the time find themselves juggling between both roles ending up in dilemmas (Aryee, Srinivas and Tan, 2005). Sabbaticals, job sharing and flexi working might turn out to a solution of this problem to a great extent. Flexi scheduling might turn out to be a blessing for parenting professionals (Chandrashu Sinha 2012).

With the increasing technological advancements and growing automation, have grown the attrition rates and the employees' need of greater control at work through greater autonomy and decision making authority specially in the IT sector (R.Gayathiri, Dr. Lalitha Ramakrishnan, 2013). According to a latest survey to find out the best Indian employers of 2013 (Aon Hewitt's, 2014), few innovative HR policies and practices were identified in the employers which were ranked as the best employers.

Recent study on WLB of IT employees shows that both male and female employees suffer in equal extents due to lack of WLB policies in IT companies specially in northern India (Nidhi Tewathia , 2014).

Another study of WLB practices in public sector organization in India proves that WLB policies not only influence individual employee performance but also the organizational Performance (Jyoti Kakkar, 2015).

Marta Mas (2016) in study on Work-life balance and its relationship with organizational pride and job satisfaction investigated that there is a positive linkage between the variables with supervisory support and job autonomy being the most important predictors of WLB.

Research Methodology

Scope & Geographical area of the study

The scope of the present study is limited to study of the Quality of Work Life of the middle level managerial employees of Information Technology companies of the National capital region (NCR) of India only. This study is area specific as it is confined to the National Capital Region (NCR) of India only.

Objectives of Study

1. To study the Work Life Balance Practices in IT companies of NCR
2. To find out the linkage between work life balance and employee performance in IT companies of NCR.

Research Design

The research design for the study is Qualitative and Descriptive.

Sampling

Multistage random sampling was adopted for the research. The rationale for choosing multistage random sampling was that the research was intended to be carried out only on the IT companies with more than 50 employee size as very small size companies do not pay attention to the Quality of Work Life of the employees and do not have policies and systems to significantly affect the QWL of employees. Such small size companies are generally more concerned about the outpour from the employees and often work in unorganized manner hence no Quality of Work Life is expected for the employees working there.

In the first stage a list of IT companies in NCR was collected indicating their employee size (of the NCR unit only). In the second stage a second list of NCR IT companies with employee size more than 50 was prepared. The IT companies with more than 50 employee size are 210 in NCR. For the purpose of survey 10% of these companies ie 20 IT companies were selected through simple random sampling using lottery method. In the third stage, a list of the employees of selected 20 companies was prepared with help of HR departments of the concerned companies. The respondents included 193 from software domain (including software engineers, developers, testers, team leaders, QA leads, programme manager, system analyst, technical staff support and technical leads), 16 from HR domain (including administration manager, infrastructure manager), 13 from finance and accounts domain and 27 in the 'other' category that included project managers, business analyst, corporate communication manager, business alliance manager representing marketing domain.

Variables of Study

Independent Variable - Work-Life Balance (WLB)

The ease and ability of a working professional to fulfill job and family related responsibilities hand to hand and parallel to each other 'Work' in this context does not mean the job only but also includes the ambitions and career of an individual. 'Life' does not only represented by the family but the also the pleasure, leisure and time for self.

Dependent Variable -Employee Performance

The employee productivity at his best efficiency expected against the job related duties and tasks

assigned. Performance is the measure of how well the tasks have been done and the responsibilities fulfilled.

Measurement of variables

Measurement of the variables is done on the basis of the constructs selected for study and presented in the table 1 below.

Table 1 Constructs of Variables

	Variable	Indicators
1	Home-work interface (work life balance)	Availability of time at home, for family and self, leisure activities, family conflicts due to work load, concentration at work, negligence of family responsibilities, organizational response and
6	Employee performance	Ability to deal with the changes in work related factors, productivity, consistent performance, improvement opportunity, timely work completion

Research Instrument

The questionnaire method of data collection was chosen as research instrument. The first part of the questionnaire included the questions to measure Work Life Balance and Employee performance levels and the second part included questions related with demographic details. All the employees in the sample

had to answer all the questions in the questionnaire irrespective of their age, work experience, tenure in the organization, gender or nationality.

Data Analysis and Interpretation

The mean scores obtained by the work life balance items and their standard deviations are represented in the table below.

Table 2 Mean scores of the Work Life Balance parameters (n=251)

HOME-WORK INTERFACE / WORK LIFE BALANCE							
Items on QWL scale		Min score obtained	Max score obtained	Mean	SE	SD	
1	I find myself thinking about work instead of focusing on home/pleasure activities	1	5	3.02	.056	.873	
2	I spend as much time as i'd like with my loved ones	1	5	3.13	.046	.712	
3	I spend most of time doing what is most important to me	1	5	2.83	.046	.709	
4	Often I work at home as part of job	1	5	3.01	.065	1.002	
5	There has been conflicts in my family about working hours or work load	1	5	2.94	.067	1.035	
6	I find it difficult to concentrate on my work because of home matters	1	5	2.78	.056	.868	

7	I feel that I am neglecting home matters because of my job	1	5	3.03	.062	.955
8	When at work, I feel free from the family and its responsibilities	1	5	3.13	.051	.776
9	I cope better with my children when I also go to work	1	5	2.95	.044	.597
10	I regret that I miss out quality time with family/friends because of work	1	5	3.83	.049	.752
FACTORS AFFECTING WORK LIFE BALANCE						
A	Flexible hours/work from home	1	5	4.73	.042	.651
B	Organizational Commitment	1	5	4.44	.040	.612
C	Organizational response towards Work life balance	1	5	4.73	.042	.656
D	Job Sharing	1	5	4.50	.044	.673
E	Sabbaticals (Career breaks allowed by the organization)	1	5	3.92	.058	.898
F	Emotional & work related support from boss	1	5	4.34	.037	.577
G	Emotional & work related support from peers	1	5	4.56	.039	.597
H	Career progression	3	5	4.68	.032	.494
I	Frequency of travelling required for job	1	5	4.18	.048	.740
J	Opportunities available for enhancement of skills due to variety of projects	1	5	4.37	.042	.653
K	Opportunities to go abroad as for work	1	5	4.25	.047	.730
L	Training and development activities	1	5	4.36	.036	.548
M	Job Satisfaction	1	5	4.89	.023	.355
N	Meditation/Yoga/Sports/Mentoring/Counseling/Other relaxation activities available at work	1	5	4.66	.037	.572
O	Communication in the organization	1	5	4.72	.030	.467

Source: Primary data

Source: Primary data

The analysis reveals that the highest mean score on a scale of 1-5 is 4.89, with a standard deviation of .355 and obtained by the item 'Job satisfaction' which means that job satisfaction is the highest rated factor by the respondents for affecting WLB followed by the second highest rated factor 'Organizational response towards Work life balance' with a mean score of 4.73 and a standard deviation of .656. The item 'Flexible hours/work from home' has also attained a very encouraging mean score of 4.73 with a standard deviation of .651 on the scale of 1-5 which means

majority of the respondents prefer to get this facility by the employer as they perceive that this factor affects the WLB to a great extent.

The lowest mean score on a scale of 1-5 is 2.78, with a standard deviation of .868 and attained by the item 'I find it difficult to concentrate on my work because of home matters' signifying that work life balance is least manifested in the form of concentration at work as per the respondents' perception and as a result of the interaction between home and work interface, commitments at home least interfere with the work duties and minimally affect the concentration at work.

Table 3 Mean scores of the Employee Performance parameters (n=251)

EMPLOYEE PERFORMANCE						
	ITEMS ON SCALE	Min score obtained	Max score obtained	Mean score obtained	SE	SD
1	I feel that the positive Quality of Work Life helps me performing well at work	2	5	4.19	.038	.591
2	I always complete my work in given time	2	5	4.19	.036	.545
3	I agree that being in an IT company frequent changes in work related factors (deadlines, travel frequency, changing technologies that demand frequent trainings etc) make me work in more stressful environment that affects my Quality of work life and in turn my performance?	2	5	4.41	.042	.654
4	I feel that if employees have good work life balance than the employees will be more productive and organization will be more profitable and successful	3	5	4.54	.037	.564
5	I am consistent in meeting job targets	2	5	4.00	.028	.426
6	I am able to utilize the opportunity to improve	3	5	3.94	.029	.455

Source: Primary data

The figures in the table above denote that the highest mean score on a scale of 1-5 is 4.54 with a standard deviation of .564 for the item 'I feel that if employees have good work life balance than the employees will be more productive and organization will be more profitable and successful'. The lowest mean score on a scale of 1-5 is 3.94 with a standard deviation of .455 for the item 'I am able to utilize the opportunity to improve'.

Amongst the six variables of employee performance, 'employee productivity' has been ranked highest by the respondents while 'opportunity to improve' has been

ranked lowest by the respondents but overall the mean scores obtained by all six employee performance parameters are greater than the mean score for any single item on the scale ie 3 and all item's mean scores are inclined towards higher end of the scale implying high employee performance levels in the IT organizations.

Linkage between Work life balance and employee performance

Work Life Balance has weak positive relationship with employee performance. ($r = 0.128$, p less than 0.05) as the r value is closer to zero.

Table 4 Correlations between WLB and Employee Performance

Independent Variable	Correlation (r)	Significance (p)
Work Life Balance	.128	.021

The beta coefficients of WLB variable contributing in employee performance are shown in the table below. The values of the beta coefficients depict the degree to which the different predictor variables influence the dependent variable and hence reflect the relative strength of predictor variables in causing variance in

the dependent variable. The Standardized beta Coefficients reveal that work life balance does not contribute in employee performance as the contribution in variability of dependent variable is not statistically significant (significance more than .05).

Table 5 Beta Coefficients of WLB

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
WLB	.050	.096	.029	.526	.600

Findings and Conclusions

1. The study indicates a correlation between WLB and employee performance but the weak positive linkage of WLB with employee performance implies that to improve organizational profitability by improving employee performance, WLB may not be an effective tool and other measures to improve performance need to be found.

2. Work place stress, an important predictor of WLB in IT companies is reportedly manifested in the form of

conflicts with colleagues, absence at work, mistakes in work, stress related diseases, feeling depressed and irritation at home but obviously not with the social life. All the various manifestations are worth pondering for the HR managers in the IT companies as absence from duty whether physical or psychological and errors and mistakes may attenuate organizational profitability.

3. As IT employees are constantly required to be mentally occupied and psychologically engaged in job, the consequent job strain becomes a potential source of health risks. IT organizations hence need to develop

proactive and preventive policy framework to curb health toll of their employees. A preventive approach at work place is not only required for ensuring employees' health and WLB, but also saves health care costs and reimbursement costs organization pays on account of employee illness.

4. Dynamic nature of IT jobs and technological advancements make it imperative for the IT organizations to acknowledge that WLB components change with the same pace and need to be reviewed from time to time.

5. It is imperative for all stakeholders to acknowledge that WLB is not a sole responsibility of the employer but also employee's responsibility in terms of flexibility and adaptability so that the gap between intrinsic needs and receivables at work place can be minimized. No matter how best are the organization's efforts to ensure good employee WLB, the extent to which the employee matches his expectations with the reality shapes the WLB experienced by the employees.

6. IT organizations over the last few years, have realized the fact that for work life balance a professional needs, only family support structure is not enough but organizational support in terms of family responsive policies is the need of the hour and this is the reason IT companies in the study have been reported adopting work life balance policies in the various ways, Flexi working and work from home to name a few. The findings are consistent with the findings of contemporary studies (T S Santhi, Dr K Sundar, 2012) on IT professionals

7. As organizations are investing finances and time in the efforts to improve WLB of employees, it is important to analyze whether these efforts and innovative practices are fruitful and result in improved performance? The study endeavors to answer the 'Is there any link at all between innovative WLB practices and employee performance'? However a well accepted fact is that every employee becomes victim of dissatisfied work life at some point in life but the consequences of the same manifested in disenchanting professionals like passive involvement in work, non commitment, mistakes and errors etc may cost dearly to the organization.

Scope for Further Study

Role of technology and social media in keeping people connected round the clock there by avoiding isolation from social life (which can be a threat to employee WLB) due to the extensive work load is a further interesting area to study in connection with WLB. Similarly the effectiveness of advanced technologies and gadgets in enabling employees maintain work life

balance through coordinating with the colleagues while away from the work place is a distinct scope of study for the future researches. Role of sabbaticals (career breaks allowed by the organization) as a way to balance work life needs to be investigated in detail as IT employees tend to be over occupied in job.

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A STUDY OF INTERNAL ATTRIBUTES OF MUTUAL FUND THAT AFFECT ITS SALES

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ABSTRACT

As the amount of assets invested in mutual funds has ballooned, mutual funds have become more abundant and more attractive to investors. The initial goal of mutual funds was to make saving and diversification more seamless for the lay investor, but as more and more mutual funds were developed and as more investment companies marketed their mutual funds, it became very difficult and confusing for investors to select mutual funds. Moreover, as the popularity of these mutual funds increased, evidenced by the sheer amount and growth of invested assets from 1999 to 2010, finance practitioners and researchers scholars started examining the attributes of mutual funds that affected sales of mutual funds. The purpose of the study is to determine whether mutual fund attributes affect mutual fund performance. In the present study attributes like Brandname and Asset under Management (AUM) is studied and how these attributes affect the investment in Mutual fund by retail investors is examined. This is an empirical study, where responses from investors are collected with the help of questionnaire and cross tab function in SPSS used to analyse the relationship between Brandname and Sales and AUM and Sales. It can be concluded from the analysis that both investors consider both Brand name and AUM of mutual fund before making investment in it.

KEYWORDS: : Mutual Fund, Brandname, AUM, NAV, Sales, Equity market etc.

INTRODUCTION

Mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified portfolio, benefit from a good research team, professional management, as well as invest in Indian stock as well as the foreign market. Mutual fund is the pool of the money, based on the trust who invests the savings of a number of investors who shares a common financial goal, like the capital appreciation and dividend earning. Mutual funds can be win-win option available to the investors who are not willing to take any exposure directly to the security markets as well as it helps the investors to build their wealth over a period of time. The Indian Equity Market has grown significantly during the last decade and as a result mutual funds are also not left far behind. Both the avenues have created wealth for the investors.

Investment company manages Mutual Funds, with the financial objective of generating higher rate of Returns. These asset management or investment management companies collect money from the investors and invest those money in different Stocks, Bonds and other financial securities in a diversified manner. In other words, the money that is collected is then invested in capital market instruments such as shares, debenture, and foreign market. Investors invest money and get the units as per the unit value which we called as NAV (Net Assets Value). The aim of the fund manager is to take the scrip that have under value and in future will rise, then fund manager will sell out the stock. All the time Fund managers' concentration is on risk - return trade off, where he minimizes the risk and maximizes the return through diversification of the portfolio.

Therefore, main and important goal of mutual funds was to make saving and diversification more seamless for the lay investor and create wealth, but for the creation of wealth through this avenue a correct understanding of the Mutual Funds is must. Even so as presently, more and more mutual funds are developed and as more investment companies are marketing their mutual funds, it is becoming increasingly difficult and confusing for investors to select mutual funds. Moreover, as the popularity of these mutual funds increased, evidenced by the enormous amount of growth of invested assets from 1999 to 2013, finance practitioners and research

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scholars started examining the attributes of mutual funds that affected sales of mutual funds.

REVIEW OF LITERATURE

In the literature review, the contradictory findings of various researchers are presented. Attributes such as management tenure, NAV, and size are examined and the different positions are quoted from the literature. Since the inception and use of mutual funds, financial academics and practitioners have sought to describe their behavior. With billions of dollars invested for a short period of time, mutual funds have come to play an integral role in an investor's portfolio. Countless studies have been conducted attempting to describe the behavior of these mutual funds.

Fortin and Michelson (1999) suggest that management tenure has no effect on mutual fund performance. Furthermore, they suggest that all investors should look past management tenure and examine other variables such as the risk characteristics of mutual funds, the type of mutual fund, size, and NAV. They caution against the easy conclusion that management tenure and mutual fund performance need be positively related. Although professional money managers (mutual fund managers included) have a specialized knowledge of markets, they do not possess any significant skills in selecting stocks or timing markets. Although their study concludes that longer-term fund managers have lower risk in their portfolios than shorter-term or inexperienced

fund managers, the relationship between management tenure and performance is negative. Lemak and Satish (1996) side with Fortin and Michelson (1999) in their study of 313 mutual funds; they also found that longer-term fund managers have more stable returns than shorter-term fund managers because longer-term fund managers construct less volatile portfolios.

Adrangi et al. (2002) examine portfolio returns between professional money managers versus randomly chosen stocks selected by a process called the "dartboard" method (as the name suggests, a dart is thrown at a board listing all of the stocks on the New York Stock Exchange (NYSE)). They found that professional money managers outperformed the "dartboard" portfolio method, which in the study represented lay investors managing their own portfolios without specialized financial knowledge. Therefore, their research suggests that professional money managers are beneficial (Adrangi et al., 2002). They also asserted that lay investors did not have the expertise to filter relevant data to make a worthy investment decision. In this

case, the relevant data consists of financial and econometric information that could influence portfolio returns. They further suggest that the move towards professional money management and away from managing one's own portfolio is due to professional money managers specializing in this field and historically outperforming lay investors (Adrangi et al., 2002).

In addition, beyond the breakeven size, the net gain to active management increases with the size of net assets. But as the size of net assets increases...the magnitude of the net gain is proportionally less with each successive group. (Indro et al., 1999) This explains why the literature is ambiguous as to the true relationship between size and performance. Many researchers concur with Wagner and Edwards (1993) that the relationship is negative because the purpose of the study is to determine whether mutual fund attributes affect mutual fund performance. As the amount of assets invested in mutual funds has ballooned, mutual funds have become more abundant and more attractive to study. The common thread connecting the overwhelming majority of studies in this field is an explanation of mutual fund performance. Researchers such as Ferson and Schadt (1996), Henriksson (1984), and Treynor and Mazuy (1966) have examined the ability of mutual fund managers to select securities and time markets successfully, but there is little evidence that supports the notion that they possess such skills. The performance persistence, where past performance could possibly predict immediate future returns. The topic of persistence is a subject for debate because there are many conflicting views among researchers (Cahart, 1997; Grinblatt et al., 1992; Hendricks et al., 1993). The relatively small number of studies that examine mutual fund attributes and their effects on sales demonstrate this. This study attempts at being instrumental in examining the attribute relationship with sales believing that a better understanding of these relationships will give practical value to lay investors as well as contributing to the literature.

RESEARCH OBJECTIVE

The objective of the study is to determine whether mutual fund attributes affect sales of mutual fund. Attributes such as Brand name and Asset Under Management are taken for the present study. The basic question in this study is whether mutual fund attributes really affect sales of mutual fund. Since there are many mutual fund attributes, it is difficult to make a general

statement that these mutual fund attributes indisputably do or do not affect mutual fund performance. So for the purpose of this study we would take only two attributes i.e. Brand name & Asset under Management and will analyse its impact on the amount of purchases of Mutual Fund. In short we could summarize the objective of research as:

- To study relation between brand-name and sales of mutual fund
- To examine relation between asset under management and sales of mutual fund

HYPOTHESES

1. Null Hypothesis (H01) : "Brand-name does not have an impact on Sales of Mutual Fund"
2. Null Hypothesis (H02) : "Asset Under Management does not have an impact on Sales of Mutual Fund"

RESEARCH METHODOLOGY

Research Methodology is a way to systematically solve the research problem. The methodology of the present research work entitled "A Study of Internal Attributes of Mutual Fund that Affect its Sales" will have following components:

In our case we have selected simple random sampling due to budgetary constraints. This study is a blend of both primary and secondary data. Secondary data were collected from the records of AMFI, Capital Markets, and web sites of respective mutual funds and past study of researchers.

To collect primary data for this paper we have used sample survey technique. The data collection was done through personal interview and questionnaire method. The questionnaire was prepared in such a manner that it could capture certain parameters to be measured upfront like demographic details [age, income etc], Brand name & Asset under management. The data for this study was collected from 200 customers/respondents who invest in Indian Mutual Fund Companies. Out of the sample of 200 respondents, 176 valid answers could only be generated, rest 12% questionnaire had either missing data or did not invest in mutual funds at all. The scope of the study was limited to Kanpur city and nearby areas. Investors investing in all the 44 listed mutual fund companies listed in India as on 31st March 2014 are taken for the study.

The responses of investors were put on a data sheet in SPSS and row and column cross tabulation percentage analysis was done separately between Brandname and Sales and Asset Under Management and Sales and inferences drawn.

DATA ANALYSIS AND INTERPRETATIONS

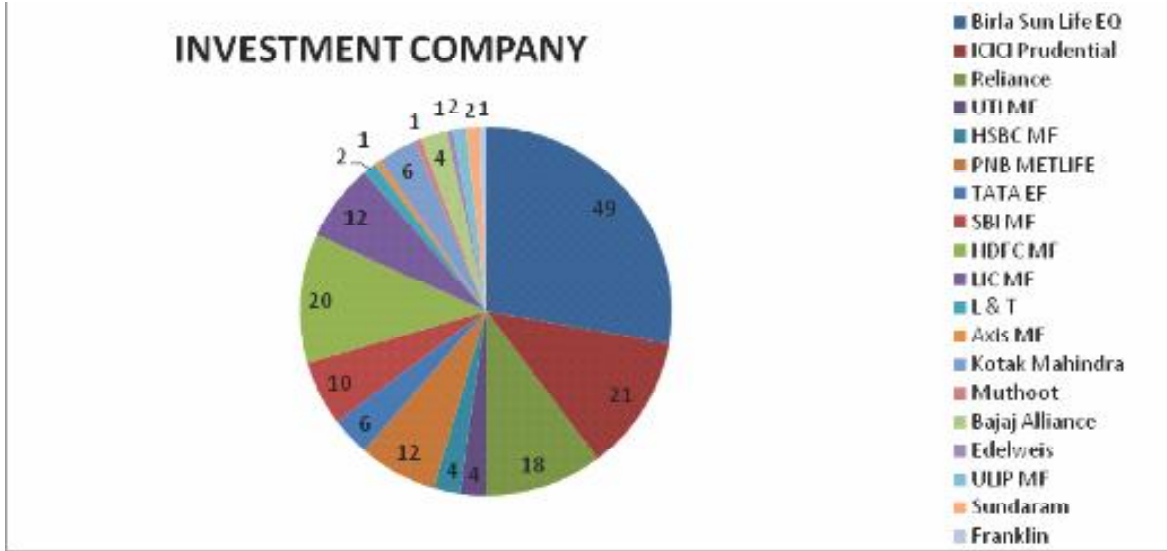
This study used a standard statistical software package, SPSS (22), to provide descriptive statistics for the variables under consideration. Specifically, this study provides the mean and standard deviations of the independent variables. A summary of the descriptive statistical results is provided. This study also performs chi-square test necessary to conclude statistical significance in the parameters. The data are presented in a tabular format.

Descriptive Statistics

	N	Range	Sum	Mean	Std. Deviation
Descriptive Frequency for Gender	176	1	204	1.16	.367
Descriptive Statistics for Martial status	176	1	266	1.51	.501
Descriptive Statistics for Occupation	176	1	202	1.15	.356
Descriptive Statistics for Age Group	176	4	457	2.60	1.257
Descriptive Statistics for Annual Income	176	3	619	3.52	.717
Invest in Mutual	176	3	179	1.02	.226
Invest for tax saving	176	1	224	1.27	.447
Means of Investment	176	5	380	2.16	1.364
How do you know about MF	176	5	638	3.62	1.784
Detailed Information about MF	176	3	522	2.97	1.300
Valid N (listwise)	176				

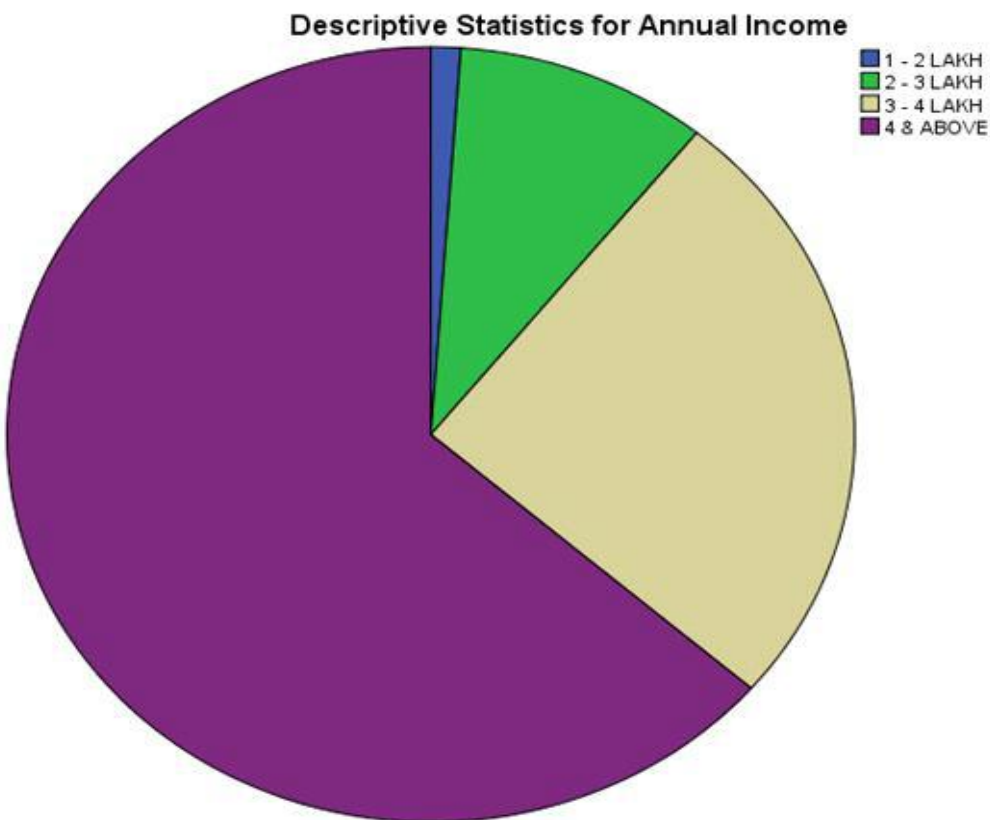
We have sample of about 44 mutual funds listed on BSE India as on 31st March 2014. Thus the findings of this research could be generalized for entire mutual

fund sector as a whole. Our study has captured data for mutual fund investors from Kanpur city and its nearby areas. Institutional investors are not a part of this study.



As seen in the pie chart, the distribution of respondents is shown above based on Mutual Fund Company. All mutual funds are covered where the respondents have

invested. We have ensured the representation of sample is homogeneous and there is no intentional inclination towards any fund house.

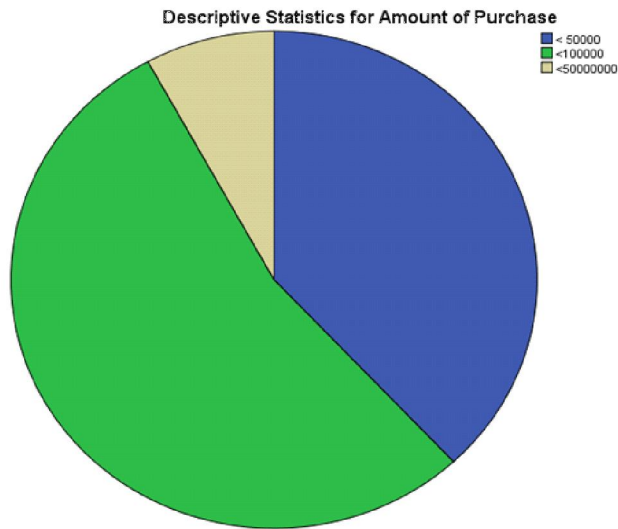


Descriptive Statistics for Amount of Purchase

N	Valid	176
	Missing	0

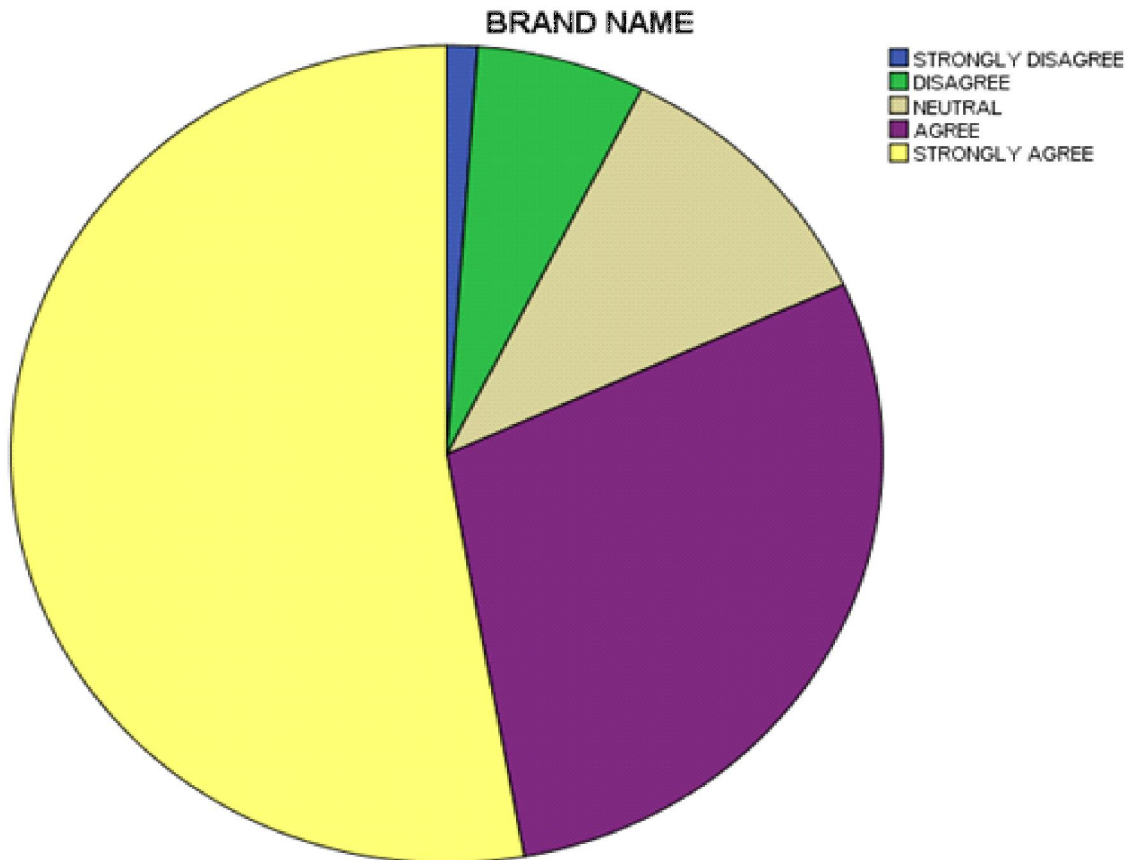
Descriptive Statistics for Amount of Purchase

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid < 50000	67	38.1	38.1	38.1
<100000	95	54.0	54.0	92.0
<50000000	14	8.0	8.0	100.0
Total	176	100.0	100.0	



BRAND NAME

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STRONGLY DISAGREE	2	1.1	1.1	1.1
DISAGREE	11	6.3	6.3	7.4
NEUTRAL	19	10.8	10.8	18.2
AGREE	51	29.0	29.0	47.2
STRONGLY AGREE	93	52.8	52.8	100.0
Total	176	100.0	100.0	



As seen in the pie chart, the distribution of respondents is shown above based on Brandname. There are only 1.1% respondents strongly disagree that they invest on the basis of brandname. There are 6.3% respondents disagree that they invest on the basis of brandname. There are 10.8% respondents who are neutral on investing based on brandname. However are 52.8% respondents strongly agree and the balance 29% also agree that they invest on the basis of

brandname. In our research maximum investors strongly agree that Brand name is important in investing mutual fund. We have ensured the representation of sample is homogeneous and there is no intentional inclination towards any age group.

Q1. I INVEST IN MUTUAL FUND BASED ON BRANDNAME

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
BRAND NAME *	176	100.0%	0	0.0%	176	100.0%
SALES						

BRAND NAME * SALES Crosstabulation

			SALES			Total
			< 50000	<100000	<50000000	
BRAND NAME	STRONGLY DISAGREE	Count	1	1	0	2
		% within BRAND NAME	50.0%	50.0%	0.0%	100.0%
		% within SALES	1.5%	1.1%	0.0%	1.1%
		% of Total	0.6%	0.6%	0.0%	1.1%
	DISAGREE	Count	8	3	0	11
		% within BRAND NAME	72.7%	27.3%	0.0%	100.0%
		% within SALES	11.9%	3.2%	0.0%	6.3%
		% of Total	4.5%	1.7%	0.0%	6.3%
	NEUTRAL	Count	12	6	1	19
		% within BRAND NAME	63.2%	31.6%	5.3%	100.0%
		% within SALES	17.9%	6.3%	7.1%	10.8%
		% of Total	6.8%	3.4%	0.6%	10.8%

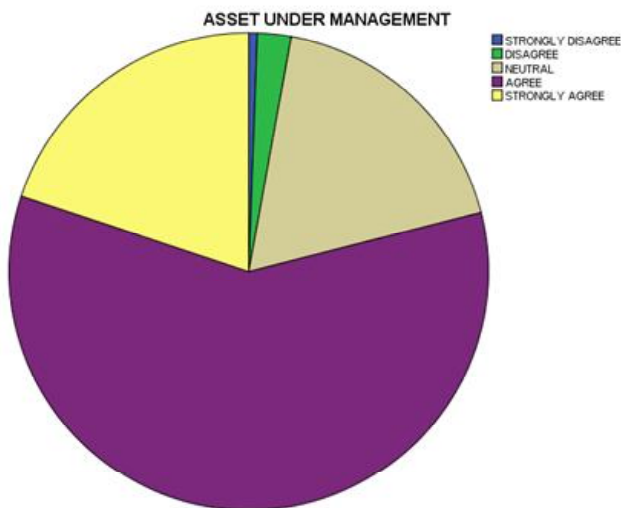
AGREE	Count	13	33	5	51
	% within BRAND NAME	25.5%	64.7%	9.8%	100.0%
	% within SALES	19.4%	34.7%	35.7%	29.0%
	% of Total	7.4%	18.8%	2.8%	29.0%
STRONGLY AGREE	Count	33	52	8	93
	% within BRAND NAME	35.5%	55.9%	8.6%	100.0%
	% within SALES	49.3%	54.7%	57.1%	52.8%
	% of Total	18.8%	29.5%	4.5%	52.8%
Total	Count	67	95	14	176
	% within BRAND NAME	38.1%	54.0%	8.0%	100.0%
	% within SALES	100.0%	100.0%	100.0%	100.0%
	% of Total	38.1%	54.0%	8.0%	100.0%

1. Null Hypothesis (H01) : “Brand-name does not have an impact on Sales of Mutual Fund”

As seen from the above cross-tabulation of respondents based on brandname with respect to amount of purchase. There are 29.5% of investors with investment in the range of 1 lakh strongly agree with the fact that they consider brandname as a parameter for investment along with other two categories having 18.8%, and 4.5% with investments in range of less than 50000 and 1 lakh to 5crore respectively. However an insignificant percentage of investor with investment less than 50 thousand and less than 1 lakh do not consider brandname as a parameter for investment with percentage of 0.6% each respectively. This indicates that brandname is considered as a parameter before making an investment and first null hypothesis is rejected.

ASSET UNDER MANAGEMENT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	STRONGLY DISAGREE	1	.6	.6	.6
	DISAGREE	4	2.3	2.3	2.8
	NEUTRAL	32	18.2	18.2	21.0
	AGREE	104	59.1	59.1	80.1
	STRONGLY AGREE	35	19.9	19.9	100.0
	Total	176	100.0	100.0	



As seen in the pie chart the distribution of respondents is shown above based on Asset Under Management (AUM). There are only 0.6% respondents who strongly disagree that they invest on the basis of AUM. There are 2.3% respondents who disagree that they invest on the basis of AUM. However there are 59.1% respondents agree and the balance 19.9% strongly agree that they invest on the basis of AUM. We have ensured the representation of sample is homogeneous and there is no intentional inclination towards any age group.

Q1. I CONSIDER ASSET UNDER MANAGEMENT OF MUTUAL FUND COMPANY BEFORE TAKING AND INVESTMENT CALL

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
ASSET UNDER MANAGEMENT * SALES	176	100.0%	0	0.0%	176	100.0%

1. Null Hypothesis (H02) : "Asset Under Management does not have an impact on Sales of Mutual Fund"

As seen from the cross-tabulation of respondents shown above based on AUM with respect to amount of purchase. There are 11.9% of investors with investment in the range of 1 lakh strongly agree with the fact that they consider AUM as a parameter for investment along with other two categories having 4% each with investments in range of less than 50 thousand and 1 lakh to 5 crore respectively. Along with that a significant percentage of investors also agree to AUM as a parameter for investment, including all category total percentage of 59.1%. This clearly indicates that AUM is considered as a parameter before making an investment. There by it is inferred that second null hypothesis is also rejected.

FINDINGS

It is observed statistically that there exist a significant relation between Brandname and Sales of Mutual Funds. It indicates that there is relationship between Brandname and Sales of Mutual Funds. Therefore based on statistical results in the cross tabulation the first null hypothesis is rejected. Thus it is inferred that Brandname does have an impact on Sales of Mutual Funds.

It is also observed in the above cross tabulation that there exist a significant relation between Asset Under Management and Sales of Mutual Funds. It indicates that there exists a relationship between Asset Under Management and Sales of Mutual Funds. Therefore based on the results of cross tabs the second null hypothesis is rejected. Thus it is inferred that Asset Under Management does have an impact on Sales of Mutual Funds.

CONCLUSION

This study adds to the existing literature by bringing an awareness of the importance of the impact of factors like Brand name and Asset under management on Sales or amount of purchase made by investors. It confirms some previous studies that indicate that customers do consider the Brandname and Asset under management before making Sales. Basically customers whose investment size is between Rs. 50000 to Rs. 100000 and between Rs. 100000 and Rs. 5 crore do consider Brandname and Asset under management of the mutual fund before making investment in it. And, it also suggests that services provided by agents / brokerage firm are still much used by customers for making investments on their behalf.

LIMITATIONS OF THE STUDY

First, the data used in this study was obtained from 44 Mutual Fund firms listed on BSE. It might be more beneficial to obtain large sample data from various other firms in the industry to test whether this research can be generalized throughout the industry and worldwide. Secondly, this study concentrated on selected attributes. A number of other attributes too could also be included that were not considered here and could have impacted on customer buying decision, satisfaction and finally Sales of mutual fund. Thirdly, this study might have incorporated other survey methods that provide for more complex measurement scales. Finally time constraints are limitations for any study.

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THE STUDY ON EMPLOYEE PERCEPTION OF PERFORMANCE APPRAISAL SYSTEM

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- Abstract
- Keywords
- Introduction
- Review of Literature
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ABSTRACT

In today's dynamic world, performance reviews and appraisals have become a necessary and desirable part of any work organization. Nowadays, employees want to work hard with commitment and dedication, but they also want their work to be recognized and rewarded. Most employees want frequent feedback about their performance so that they can improve further.

Since, employees perception influence their judgment and attitude towards organization and its practices, it could be very obvious that the employees might hold diverse opinions about the performance appraisal system in the organization. This study addresses demographic differences between employees with regard to perceptions of performance appraisal system. The data were collected from 66 employees of leading the Indian Data Recovery Company located in the National Capital Region (NCR) in 2015. The data collected was analyzed, using descriptive statistics and inferential statistical tools like t- test and ANOVA, in order to address the research questions. Results indicate that employees are very happy with their current 360 degree appraisal system and there is no significant difference in employee perception of performance appraisal system based on different demographic variables like age, gender, marital status, experience and designation.

KEYWORDS: Perception, Performance, Performance Appraisal System, 360 Degree Appraisal System.

INTRODUCTION

Innovative human resource systems are the

backbone of any organization (Daley, 1992; Gundrsen, 1993; Saini, 2016). An essential subsystem of an effective human resource system is a valid, transparent and accurate performance appraisal system (Armstrong 2003; Bohlander & Snell, 2004; Chouhan et al., 2016). Performance appraisal today anchors a whole host of people related critical decisions in organizations which include training, transfers, compensation, promotion and layoff related decisions.

The performance appraisal is the process of evaluating the job performance of employees against set standards and goals. Performance appraisal exercise is widely used for administering wages and salaries, identifying individual's strengths and weaknesses and giving performance feedback. This exercise gives an opportunity to learn and grow further in the career.

Traditionally the formal performance appraisal system was considered as the primary means of managing employee performance in terms of promotions and demotions. Performance appraisal was an administrative tool exercised by managers annually and was the responsibility of the human resource department. It was viewed as an annual ritual by managers. Even nowadays most of the managers quickly complete the appraisal form resulting in various perceptual errors while rating their subordinates. Some managers spend little time in giving feedback because they may dislike confrontation or are not confident of the accuracy of their evaluations. Not surprisingly, most employees dislike performance appraisals because they don't have faith in the sanctity of the system viewing it as unfair and ineffective (Skarlicki & Folger, 1997).

One of the important factors influencing perception of the performance appraisal system would be employee perception of fairness (Bhatnagar 2013; Selvaraj et al., 2016) and procedural justice (Jacobs et al. 2014; Jungin 2016; & Pichler et al. 2015) in the appraisal process. Effectiveness of the performance appraisal process depends on clarity of process for its members and acceptance by the people involved. The receptiveness support and acceptance that a performance appraisal system is likely to receive in an organization depends to a great extent on the value the employees find in it as an important source of feedback to improve their

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performance (Mullins, 2007). It is critical that employees see performance appraisal as a tool for showcasing their skills and abilities for promotion, career growth and personal development. On the flip side, if employees have a negative perception about the appraisal process seeing it as an unreasonable attempt by management to exercise closer supervision and control over their tasks the performance appraisal exercise may do more harm than good. In addition, staff motivation, attitude and behavior development, communicating and aligning individual and organizational aims, and fostering positive relationships between management and staff are essential for successful appraisal (Armstrong, 2003).

2. Review of Literature

Performance appraisal has been widely debated and researched topic in the field of organizational psychology so plenty of performance appraisal literature is available. Murphy and Cleveland (1995) defined performance appraisal as the "formal evaluation of an employee's job performance in order to determine the degree to which the employee is performing effectively".

Fletcher (1993) defined performance appraisal as "activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards". Carson et al. (1991) in their definition of performance appraisal include self appraisal by the employee in addition to evaluation by all stakeholders which include subordinates, peers, supervisors and other managers.

Whatever the definition, performance appraisal is definitely an essential function in every organization. Primarily, performance appraisal exercise is the responsibility of the personnel or HR department because it is the integral part of organizational human resource function. Though the performance appraisal system is mainly used to assess the employee's performance but, in work settings performance appraisal systems are also utilized for taking several important administrative and developmental decisions, like, promotion, pay, and training. It's documentation serves legal purposes (Dubinsky, Skinner, & Whittler, 1989; Thomas & Bretz, 1994; Taylor et al., 1995).

Success and failure of any organization depend on the performance of the employees and by adopting means through which their performance is evaluated. So an effective PAS can play critical role in the success of an organization. How employees perceive the performance appraisal system is influenced by the design of the system which includes the linkage

between evaluation criteria and actual job tasks and the involvement of employees in setting targets (Sumelius et al. 2014) Undoubtedly designing and implementation of an effective PAS is an important and critical part of PAS but acceptance and support of employees can also not be ignored. In their study Bernardin and Beatty (1984) have very clearly brought out that the employee attitude towards the appraisal system is definitely a better indicator of the validity of the performance appraisal system as compared to the traditional psychometric measures. Developmental implications of a positively perceived performance appraisal system would include enhanced performance and creation of a psychological contracts between the organization and its employees (Harrington & Lee 2015). While it is expected that performance appraisal system should have developmental implications for organizations, a system which is perceived as unfair and unjust can lead to unpredictable reactions (Selvaraj, 2016) on the part of employee engaging in desirable behavior and an increase in turnover intention (Mustafa & Daud 2013, Nawaz, 2016,).

The available literature reveals that initially PAS effectiveness was concentrated on designing of performance appraisal formats and its improvement and also checking the psychometric soundness of the performance appraisal formats. However, perceived utility and perceived fairness of PAS emerged as two other factors which attracted attention of researchers later. It was found by researchers that even psychometrically sound PAS will fail in the absence of system users (rater and ratee) acceptance and support (Carroll & Schneier, 1982). As a result, a success of PAS will be dependent on the concerned person's perception of PAS as a fair system (Lawler, 1973; Ilgen, Fisher, & Taylor, 1979; Murphy & Cleveland, 1991).

In the past several studies have been carried out on the influence of demographic variables more specifically age in various organizations and job related variables like job satisfaction, organizational commitment, turnover, upward mobility, etc. (Rush, 1980; Rabinowitz & Hall, 1981; Rhodes, 1983; Slocum et al., 1985). Few studies have been carried out which bring out the influence of demographic variables of employees on their perception towards the performance appraisal system (Kleiman et al., 1987; Shrivastava, 2012). Kleiman et al., 1987 studied the relationship between perceived fairness and accuracy of the performance appraisal system as a function of the employee's race and sex and the years of experience of the employee. Results indicate that appraisal variable is perceived

as less fair and accurate by black females as compared to white females. Also less experienced employees perceive the process as less fair compared to more experienced employees. The researchers see two plausible reasons for this- first that employees with less experience are more likely to view the system with suspicion and prone to being influenced by negative stereotyping by the supervisor. The second reason is that discontented employees are more likely to leave the system, leaving behind a greater proportion of employees who are satisfied with the system. However, the results of a study carried out on Indian banks by Shrivastava (2012) are contradictory. In private sector banks the younger employees perceive appraisal factors to be fairer as compared to middle-level employees. The researcher attributes this to well built and highly structured appraisal system in private banks which provides the younger employees with the clarity and feedback they seek during the early years of their career. As they approach mid career stage individuals might face discrepancy between what has been accomplished and what was expected, leading to shift in perception towards the system. An important implication of this is probably the need to consider the different needs of employees in different ages while designing and implement appraisal practices.

In the light of the above discussion, the present study proposes that there is likelihood that the demographic profile of employees would influence their perception of the performance appraisal system in the organization. The study starts with reporting the perceptual data gathered from appraisees. Employee's perception with reference to different demographic variables has been observed with the help of different hypothesis. Finally, directions for future research are presented with the help of suggestions.

3. Objectives of the study

The following are the objectives of the present study-

- To study the employee perception of performance appraisal system in the organization.
- To know whether there exists a significant difference in level of perception based on various parameters like different age, gender, years of work experience, and marital status among employees under study

4. Hypotheses of the Study

In order to know the significant difference between employee perception of performance appraisal system based on various demographic variables, following

hypothesis have been tested:

H01: There is no significant difference in employee perception of performance appraisal system amongst people of different age groups.

H02: There is no significant difference in employee perception of performance appraisal system between male and female employees.

H03: There is no significant difference in employee perception of performance appraisal system based on years of experience.

H04: There is no significant difference in perception of performance appraisal system between married and unmarried employees.

H05: There is no significant difference in perception of performance appraisal system based on designation of employees.

5. Research Methodology

The population of the present study consists of 200 employees of a leading Indian data recovery company located in National Capital Region (NCR). The rationale behind selecting a single organization was to minimize the impact of variables other than those considered in the study (like general working conditions, organization culture and climate, management policies and practices etc). The data was gathered with the help of Convenience sampling method. 100 employees were contacted and asked to participate in the survey and the questionnaire was handed over to them manually. From the target sample, 66 (N= 66) of them responded and returned the questionnaire. The questionnaire was suitably designed and self administered. There were 18 questions in the questionnaire excluding demographic details such as age, gender, designation, qualification, experience and suggestions. The questions related to employee perceptions about various important characteristics of an effective performance appraisal system like transparency, scope for biasedness, degree of fairness, feedback, setting of performance goals, linkage to other functions like training, compensation, etc. Few questions included in the questionnaire were: "Are you satisfied with the present performance appraisal system?", "Do you think the present system reduces biases?", "Do you think performance appraisal helps people set and achieve meaningful goals", "Do you think performance appraisal gives constructive criticism in a friendly and positive manner?" etc. Likert scale (five point) was used with the options strongly agree, agree, neither agree nor disagree, disagree and strongly disagree. Weightage assigned were 1 for strongly disagree, 2 for disagree,

3 for neither agree nor disagree, 4 for agree and 5 for strongly agree. Split Half Test was applied with the help of SPSS-19 to know the reliability and validity of collecting data. After dividing the data into two equal halves, it was observed that means of both the halves were not different. This implies that the data are random and it may be reliable and validated for the further research.

To begin with the data was analyzed based on mean weighted scores with an aim to assess the employee perception level of performance appraisal system. In order to test the various hypotheses independent sample t -test and ANOVA were used.

6. Result and Analysis

This part of the study presented the findings, after application of procedures, data collection and data analysis. The results and analysis of the study are presented as follows with regard to the objectives and hypothesis of the study.

Demographic profile of participants:

The first part of survey questionnaire gathered information about the demographic profile of the respondents which included gender, age, designation, marital status, work experience, etc. Out of 66 respondents, 76 percent were male and 33 percent were female. By looking at their employment duration in the organization, 48 percent of respondents had been employed in current company for five or fewer years, 13 percent for 5-10 years, 4 percent for 10-15 years and 1 percent for more than 15-20 years. Regarding the age of respondents, 31 percent fell in the age category of 20-30 years old, 30 percent fell in the category of between 30-40 years old, 5 percent fell in the category of between 40-50 years old. In addition, 58 percent of respondents were single and 42 percent were married. Table 1 below shows respondents demographic characteristics in detail.

Table 1: Demographic Details of Respondents

Demographic Variables		Number	Percentage
Age	20-30yrs	31	47%
	30-40yrs	30	45%
	40-50yrs	5	8%
Gender	Male	44	67%
	Female	22	33%
Marital status	Married	28	42%
	Unmarried	38	58%
Designation	Executive	15	23%
	Non Executive	51	77%
Experience	0-5yrs	48	73%
	5-10yrs	13	20%
	10-15yrs	4	6%
	15-20yrs	1	1%

Employee Perception Level of Performance Appraisal System:

According to the survey the employee perception level of PAS in the organization under study was 4.28 out of 5 which is very high. This is the indication of employee happiness and satisfaction of performance appraisal system of the organization. It is worth mentioning here that the organization is using 360

degree appraisal system which is considered to be one of the best and modern methods of PAS. 360-degree PAS or multi rater feedback is an appraisal or performance assessment tool that incorporates assessment and performance feedback from all who are associated and are affected by the performance of an employee like superior, subordinate, peers, self, customer and supplier. Constructive feedback and

opportunities to improve the performance are always proved to be essential ingredients of effective PAS. The current study found that 92% employees were agreed that they get feedback after appraisal exercise and the organization take proper steps to improve the performance of the employees.

Hypothesis and Evaluation:

H01: There is no significant difference in employee perception of performance appraisal system amongst people of different age groups.

In order to test above hypothesis, one way ANOVA test was carried out to know that whether there exists any significant difference in employee perception of performance appraisal system with different age groups. Employees were categories into three groups, i.e. 20-30 years, 30-40 years and 40-50 years. ANOVA results show that $p = 0.436 > 0.05$. Hence, Null hypothesis is accepted. This indicates that there is no significant difference in employee perception of performance appraisal system with different age groups in the organization. This result is also supported by means of employee perception of PAS of different age categories which are almost equal (M20-30years= 4.20, M30-40years=4.31 and M40-50years = 4.51). This result proves that employees of all age categories are happy and satisfied with the current appraisal system.

H02: There is no significant difference in employee perception of performance appraisal system between male and female employees.

In order to test above hypothesis independent sample t-test was carried out to know that whether there exists any significant difference in perception of performance appraisal system of male and female employees. t-test results show that $p = 0.559 > 0.05$. Hence, Null hypothesis is accepted. This indicates that there is no significant difference in perception of performance appraisal system of male and female employees. Also, M_{Male} = 4.22 and M_{Female} = 4.30 which are almost equal. This result proves that all male and female employees are having a positive perception about the performance appraisal system in the organization.

H03: There is no significant difference in employee perception of performance appraisal system based on years of experience.

One way ANOVA test was carried out to know that whether there exists any significant difference in employee perception of performance appraisal system with different years of experience. Three experience categories viz. 0-5 years, 5-10 years and 10-15 years

were taken into consideration. Insignificant ANOVA result shows that $p = 0.664 > 0.05$. Hence, Null hypothesis is accepted. This indicates that there is no significant difference in employee perception of performance appraisal system with different years of experience in the organization which is also supported by the mean scores of employee perception of PAS of different years of experience (M0-5years= 4.26, M5-10years=4.38 and M10-15years = 4.43). This result indicates that all experience categories employees hold positive perceptions about PAS in the organization under study.

H04: There is no significant difference in perception of performance appraisal system of married and unmarried employees.

Independent sample t- test was applied to know whether there is any significant difference in perception of performance appraisal system of married and unmarried employees. t-test results show that $p = 0.996 > 0.05$. Hence, Null hypothesis is accepted. This indicates that there is no significant difference in employee perception of performance appraisal system of married and unmarried employees in the organization. This result is also supported by the mean scores of married and unmarried employee perception (M_{Married} = 4.272 and M_{unmarried} = 4.271). All employees, whether they are married or unmarried, are equally satisfied with the current PAS of the organization.

H05: There is no significant difference in perception of performance appraisal system based on designation of employees.

In order to know the significant difference in employee perception of performance appraisal system with different designations t-test was applied. Insignificant t-test result ($p = 0.602 > 0.05$) shows that there is no significant difference in employee perception of performance appraisal system with different designations. This indicates that employees of all designations are holding positive perception about current PAS in the organization.

It has been observed and also proved by the results of the study that employees of all categories based on age, gender, marital status, experience and designations are very satisfied with the present performance appraisal system of the organization. The following reasons were observed behind these findings:

- Systematic, team and process oriented work culture.
- Clear and humane HR policies.

- People are satisfied with HR Department and HR Head.
- Work life balance with help of various sports facilities, annual day celebration and outbound activities with families.
- Chance to work on your interest based technology before joining.
- Employee friendly company.
- The company promotes learning. They have their own Learning Center, which is very rich with many e-courses, mentors and learning champions.
- Employees are not only motivated to work, but also get opportunities to grow and prove themselves.
- Effective reward system.

7. Conclusion

This study was conducted to explore employees' perceptions of the present performance appraisal system (PAS) in the organization under study. The results of the present study revealed that employees are highly satisfied with the current 360 degree appraisal system. Moreover, the results showed that there is no significant difference in employee perception of PAS with respect to different demographic variables, i.e. age, marital status, gender, experience and designation. It has been observed also that the organization under study is attributed to good work culture, effective leadership, effective feedback system, growth opportunities, learning system, and effective reward system and employee friendly policies. These mentioned attributes of the organization are main source of interesting results of the current study. However, this study can be extended to few more organizations to make comparisons about employee perception of performance appraisal system as the present study was confined to single organization.

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PERCEIVED BENEFITS OF E-RETAILING AND IMPACT OF DEMOGRAPHY: AN EMPIRICAL STUDY ON GEN-Y CUSTOMERS IN LUCKNOW

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ABSTRACT

The main purpose of the study is to determine the key benefit factors that affect the behavior of the customers in online retailing. The study also explores the relationship between perceived benefit factors and demographic characteristics of customers. The primary data was collected through a structured questionnaire employing convenience and snowballing technique. Exploratory Factor Analysis was done to determine the key underlying benefit factors. The individual impact of each demographic variable was mainly assessed through One-way ANOVA whereas the simultaneous impact was evaluated with the help of Multiple Linear Regression. It was found that the eight perceived benefits can be reduced to three perceived latent factors that affect the customer behavior viz. essential value, merchandising and emotional value. The results of ANOVA and MLR reveal that these perceived factors are independent of different demographic characteristic of the customers. The first implication of the study is that it determines three key factors that affect the perception of value proposition on online purchasing. As marketer these factors should be heeded to attract more and more customers towards online purchasing. The second important insight may be derived from the finding that these key factors are independent of the demographic characteristics of buyers so a uniform strategy may be implemented for different groups of customers based on their demography.

KEYWORDS: E-Retailing, Online Purchasing, Key Benefit Factors, Demographic Impact, Value Proposition.

INTRODUCTION

Online shopping has become an important part of today's life for contemporary youth in India. Wide internet reach and IT literacy has enabled the online channels to reach the customers specifically at the personal level. The access of the online channel and the value proposition provided by the e-retailers are the main reason that may be attributed to the enormous success of the online retailing in India. In terms of size India's online retail industry has seen a phenomenal growth in the last 5 years. PwC research shows that online retailing in India has grown from around 0.4 billion USD revenues in 2009 to 3.5 billion USD in 2014, translating into a compounded annual growth rate (CAGR) of over 34 per cent. According to PwC this 7-fold growth came on the back of increasing internet penetration and changing lifestyles, primarily driven by books, electronics and apparel. IMAI and CRISIL study predicts that this growth trend would be sustained in the in the medium term, and estimates the market will grow at a strong near to 50 per cent CAGR to 6 billion USD by 2015. In a separate study CRISIL research estimated that the share of organized retailing in India is only 7 per cent of overall market size. In this 7 seven per cent organized market the share of online retailing is 7.9 per cent which comes to a meager 0.5 percent of the total market. These figures are evident of tremendous potential India has in online retail in current circumstances.

This remarkable growth is due to swift acceptance and adoption of the online channels by the customers. And this acceptance and adoption may be attributed to the benefits or the value proposition provided by the online channel in relation to the offline traditional channels. These benefits range from convenience and value to the hedonic experience it provides. This study explores the value proposition or benefits of the online channels as perceived by the customers themselves. The study is organised as objectives, literature review, hypotheses formulation, methodology used to conduct the research, data analysis and statistical findings, conclusions and limitations of the research.

2. OBJECTIVES OF STUDY

The objective of the study is to explore the benefits or the value proposition of online retailing as perceived by

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the customers and what impact does the demographic factors like age, gender, education and income have on these perceived benefits. This study adds to the body of knowledge in two ways: first by establishing the relative importance of different benefits and determining key benefit factors and secondly by throwing light on the relationship between different types of buyers (based on demography) and key benefit factors. The particular objectives of the study can be described as follows:

- To identify the benefits or value proposition of online purchasing as perceived by customers and explore their relative importance.
- To determine the key underlying benefit factors influencing the online purchasing behavior.
- To assess the impact of demographic variables on key benefit factors or to analyse the relationship between different types of buyers based on the demography and key benefit factors.

3. LITERATURE REVIEW

3.1 Defining Online Retailing: Online Retailing is a form of non-store retailing where a seller offers products through virtual display on a website through internet (Siddiqui and Khan, 2014). All the relevant information is provided to the customer on the website. Online retailing is also called as e-Retailing with 'e' representing its electronic form. It is better known as e-Tailing in common parlance.

3.2 Generation Y Customers: Gen Y customers are classified demographically according to their age or year of birth. One of the classifications of customers based on their age is given by Brosdahl and Carpenter (2011): the Silent Generation (1925-1945), the Baby Boomers (1946-1960), Generation X (1961-1981) and Generation Y (born after 1981). Though there is a debate among researchers on the exact year of birth, however focus is on the modern youth born in the era of modern IT technology. These youth are well equipped with the tools and technology to access the internet for purpose of commerce or online shopping that includes online browsing for the products related information, comparison, buying and after sales service. For the purpose of this study Gen Y customers are defined as the persons between 18-36 years of age. The purpose to select Gen Y customers is very much obvious as they are technically upscale or net savvy segment accessing online channels and contributing to online sales phenomenally. So, the study of their perception of value proposition could give the view of the market at large.

3.3 Benefits of Online Purchasing: The major benefits of online purchasing perceived by the customers envisaged in the study are Convenience including both convenience of place and time, the benefit of Price/discounts or low prices offered by the online channel is considered. Next benefit considered is the related to Merchandising including Product offerings or availability of large variety of products and Relevant Information regarding the products which includes product description, technical specifications, its superiority etc. After merchandising, Emotional benefit is considered that is manifested by the feeling of enjoyment, pleasure and fun. The final benefit is social acceptance and recognition perceived by the customers. Siddiqui and Khan (2014) describe these benefits as the value proposition of online purchasing and most of the benefits are adopted from it.

Mostly the benefits or value proposition of online shopping are with reference to the traditional retailing, owing to this reason some earlier studies have measured these benefits in comparison with the traditional stores. One of the pioneer studies for determining the satisfaction through the benefits of online retailing was done by Szymanski and Hise (2000), they compared all the benefits or value proposition of online shopping with the traditional stores. The thrust of the study was to determine the factors that create the online customer satisfaction, these factors are the main benefits derived from online shopping in comparison with the traditional buying. The factors deliberated in the study were convenience, merchandising, financial security and site design. The benefits perceived by the customers in this study are convenience and merchandising.

Convenience includes both the convenience of place and time that is shopping anywhere and anytime. Merchandising includes the product offerings or product variety and getting product information and. Szymanski and Hise (2000) established these two benefits as separate factors and found positive impact of the factors on e-satisfaction in online settings. Similar study was also done by Burke (2002) who found that satisfaction is significantly affected by convenience, product quality, value provided, and product selection offered by the online shopping experience. Evanschitzky et al. (2004) also found significant results while replicated the Szymanski and Hise (2000) model in context of different customers.

Schaupp and Bélanger (2005) also found that convenience and merchandising have significant impact on fulfilling and satisfying experience. Liu et al. (2008)

also found out that variety of products and information offered are important factors with other factors. Marcel et al. (2001) studied customer loyalty in online settings and stated loyalty depends upon value proposition (Customized products, Large set of choices, Product quality, Guarantees, Well-known brands, Pricing), bringing out the important role of variety of product offering and pricing. Scheffer and Reichheld (2000) also studied role of convenience in online shopping space and found a significant impact.

Anderson and Srinivasan (2003) established a significant moderating effect of convenience between satisfaction and loyalty relationship in online retailing settings. Childers et al. (2001) studied online shopping behavior and established vital role of convenience and information in developing positive and favorable online shopping attitude. Francis and White (2002) explored the factors affecting the purchase intentions of customers and recognized the significant role of product attribute description in determining the purchase intentions. Janda et al. (2002) modeled information as one of the essential factors determining the quality of online services. Barnes and Vidgen (2002) and Loiacono et al. (2002) emphasized the role of information quality to measure online service quality of Internet bookstores and web portals respectively.

Yang et al. (2003) researched on the service quality of the online retailers and concluded the information is a key dimension defining the service quality similarly Loiacono et al. (2002) also studied online service quality and recognized the importance of information to improve the online service quality. Ma et al. (2012) focused on e-service quality as antecedent of e-satisfaction and studied the effect of relevant information on e-service quality. The relevant information was measured in terms of amount of information as well as the quality of information. It was found that the impact of relevant information is significant on e-service quality. Thus benefits of convenience and merchandising (product information and product offerings) are very important for fulfilling experience of online purchasing.

The next benefit that consumers perceive in online purchasing is related to prices including discounts, offers or low prices on online retailing websites as compared to the traditional stores or to the competitor and other online channels. Many empirical studies have brought out the important role of fair and competitive pricing in online purchasing. But the role of low pricing is not studied much although it is very important in Indian context where the competition in online retailing industry is still at the basic and expected level the

price factor becomes very important. Burke (2002) states that competitive pricing is an important tool and online retailers should employ it to attract the customers to buy. Shwu-Ing (2003) argues in online settings where comparison of price is just a click away, customers always compare the prices before purchasing anything. This also sets the base for considering the benefit of comparison shopping in online space. 'The best facility available online is that of comparison which includes comparisons included detailed features of the products and price of different models of same brand and products of different brands (Siddiqui and Khan, 2014).

In the light of above discussion it would not be wrong to state that the first and foremost tool to attract Indian buyers online is the lure of low prices, discounts and offers. This may be evident from the offers and discounts offered by different online retailers especially during the festive seasons of India. Flipkart's Big Billion Sale recorded the highest single day sale by any company amounting to Rs. 1400 crore. The Great Indian Festival sale by Amazon India got 15 million orders before six hours of close while Snapdeal's Unbox Diwali attracted 11 lakh buyers in the first 16 hours of the sale ("How the Big Online", 2016). Hence the benefit of prices/discounts is considered in the study.

The emotional benefit in general is the benefit derived from the affective states that a product or service generates (Wang et al., 2004). Lai (1995) described it as "the perceptual benefit acquired from a product's capacity to arouse feelings or affective states. Emotional benefit in this study is defined as the feeling of fun, play or pleasure that the customers derive from online purchasing. Fassnacht and Koese (2006) discussed about functional and emotional benefits that make superior online service quality. The functional benefits includes the convenience and moderate pricing while the emotional benefit are in the form of hedonistic factors which may be feeling good factor or pleasure deriving benefit that is important for online service quality. While developing a conceptual framework for loyalty in mobile internet subscribers Chuah et al. (2013) proposed a positive effect of emotional value, here emotional value was defined in the context of enjoyment, pleasure and fun.

The final benefit considered in this study is the social benefit manifested by social recognition or acceptance or impressions on others. Sweeney and Soutar (2001) defined the social benefit as "the utility derived from the product's ability to enhance social self-concept. This concept is extended to services also and as online retailing is primarily considered as a service the social

benefit is defined as the ability of the website to enhance the social recognition of customers. This benefit is considered in Indian context as technology enabled buying is still not accessible to everyone and the ones who are doing it may derive social benefit from it. This study explores the social dimension of online purchasing to test whether it is significant or not.

4. HYPOTHESES

The paper discusses the perceived benefits of online purchasing and their relationship with different types of buyers; accordingly two main hypotheses are formulated. The first hypothesis is related to the correlation between different perceived benefits while the second hypothesis is about the relationship between the benefit factors and the different types of buyers based on demographic variables. As five demographic variables are to be studied so there are five hypotheses.

H1: there is significant correlation between different perceived benefit variables and latent factors.

H2: perceived benefit factors differs across categories of buyers based on their demography, hence there is significant impact of demography (gender, age, education, occupation and income) on benefit perceptions. Accordingly there are five hypotheses:

H2a: benefit perceptions factors differ with the gender of the customers.

H2b: benefit perceptions factors differ across the age groups of the customers.

H2c: benefit perceptions factors differ across customers with different educational levels.

H2d: benefit perceptions factors differ across the occupation groups of the customers.

H2e: benefit perceptions factors differ across customers with different income levels.

5. RESEARCH METHODOLOGY

This section describes the research methodology employed to analyse the empirical data and test the hypotheses. It contains sampling design, measurement, methodology and demographic profile of the respondents.

5.1 Sampling Design

The empirical data was collected through a structured questionnaire consisting of the questions describing the demographic details and the perceived benefits of online shopping. The targets respondents were Gen-Y customers in Lucknow region. The questionnaire was administered conveniently and purposively to the target

respondents involved in online shopping. To attain a relatively large sample size snowballing technique was also used and to ensure suitable representation of various demographic groups quota sampling was employed. Probabilistic sampling design could not be employed due to unavailability of the sampling frame. More than 300 questionnaires were administered. Even though regular tracking was done only 223 responses could be collected out of which only 195 were valid. Sample size was in accordance with the literature suggesting at least 5-10 observations for each variable measured. Nunnally (1978) suggested that there should be 10 participants per variable where as Kass and Tinsley (1979) recommended having 5-10 respondents per variable up to a total of 300 beyond which there is no say of participant to variable ratio.

5.2 Measurement

The desired data was collected through a structured questionnaire which had two sections. Section I contained close ended multiple choice questions for capturing the demographic details of the respondents that includes gender, age group, income group, educational level and employment status. Out of these gender and employment were categorical variables while age, income and education level were ordinal variables.

Section II comprised the questions related to benefits of online purchasing. An 8-item Likert type scale was used to measure the benefits of online shopping as perceived by the customers. Consumer's response on each item was obtained on a 5-point rating scale with responses ranging from '1' indicating 'not at all important' to '5' indicating 'very important'. The middle point '3' specified the indifference of customers with each item through the response of 'neither unimportant nor important'.

5.3 Methodology

To accomplish the first objective and test hypothesis H1 an Exploratory Factor Analysis (EFA) was conducted. The correlations between different benefits measured were explored to find out any latent constructs or factors present. Three latent factors were extracted and factor scores were obtained using regression method in EFA. For any further analyses these factor scores were used. The second objective was accomplished by testing hypotheses H2a to H2e. These hypotheses involved testing significance of differences in means scores across various demographic groups for the three extracted perceived benefit factors. The individual impact of the demographic variables is assessed either through t-

test where there were only two groups or One-way ANOVA where more than two groups were to be compared. Multiple Linear Regression was employed to assess the simultaneous impact of all the five demographic variables. SPSS 20 was used to conduct all analyses.

5.4 Demographic Profile of Customers

First of all a descriptive analysis was done to understand the demographic profile of the respondents. The collected sample represents a mix of various demographic factors such as age, gender, education and income level. Table 1 shows the respondent's profile.

Table 1: Demographic Profile of Respondents

No.	Variable	Categories	Freq.	Percent	No.	Variable	Categories	Freq.	Percent
1	Gender	Male	125	64.10	4	Occupation	Self employed	46	23.59
		Female	70	35.90			Salaried	57	29.23
2	Age Group	18-25	87	44.62	5	Income Group	Student or Unemployed	92	47.18
		26-30	56	28.72			no income	61	31.28
		31-36	32	16.41			<10000	26	13.33
		>36	20	10.26			10-20k	25	12.82
3	Education Level	UG	105	53.85	20-30k	36	18.46		
		PG	62	31.79	30-40k	28	14.36		
		Scholar/Phd	28	14.36	>40k	19	9.74		

The valid sample of 195 respondents was comprised of 125 (64%) males and 70 (36%). The gender distribution in the sample was in accordance of the general norm of male dominance in online shopping (Flipkart, n.d.). The distribution of age group indicates the dominance of young age group with 87 (44%) respondents in 18-25 age group, 56 (28%) respondents in 26-30 age group, 32 (16%) respondents were between 31 to 36 years of age, while 20 (10%) respondents were of more than 36 years of age. According to Flipkart (n.d.) the largest purchasing age group is between 25-36 years of age which may also be evident in the sample.

As far as the education level of respondents is concerned majority 105 (54%) were graduate, 62 (31%) respondents were post graduate and 28 (14%) were either research scholar or PhD. The employment status or occupation of respondents was mainly salaried with 57 (29%) respondents, 46 (24%) in self employed group while (47%) were either students or unemployed. This is due to the fact that mainly data was collected from professional institutes. In terms of income level 61 (31%) belonged to no income group, 26 (13%) in were having income up to 10k, 25 (12%) in income group of 10-20k, 36 (18%) respondents were in 20-30k group, 28 (14%) in 30-40k group, while 19 (10%) were in the

income slab more than 40k. Overall the sample was found to be a near proper representation of typical online buyers

6. STATISTICAL ANALYSIS AND FINDINGS

6.1 Hypothesis H1 Testing - Exploratory Factor Analysis

To check whether latent factors or underlying dimensions exist or not an exploratory factor analysis (EFA) was done through SPSS 20. Before proceeding for EFA the inter-item consistency or reliability analysis of the 8 items relating to the benefits was checked through Cronbach's alpha. The value of alpha was found to be 0.75. The value of Cronbach's alpha lies between 0 to 1, with values from 0.7 - 0.8 considered to be acceptable for scale reliability. The first step in conducting EFA is to conduct the Keiser-Meyer-Olkin (KMO) Test and Bartlett's Test of Sphericity. The KMO test is conducted to check the measure of sample adequacy in terms of size and value of this statistic lies between 0 and 1. Keiser (1974) recommends that a value greater than 0.5 is merely acceptable, form 0.5 - 0.7 it is mediocre, values between 0.7 - 0.8 as good where as values between 0.8 - 0.9 are great and value greater than 0.9 as superb. The value for collected sample was found to be 0.769 as shown in Table 2 which could be considered as good, hence it can be concluded that the sample size was adequate to conduct the Factor Analysis.

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.769
Bartlett's Test of Sphericity	Approx. Chi-Square	544.472
	Df	28
	Sig.	.000

To have some latent factors there should be sufficient correlation between the variables measured. Bartlett's Test of Sphericity examines whether the population correlation matrix is an identity matrix (no correlation between variables). The null hypothesis is that there is no correlation between the variables in the population. Whereas the alternate hypothesis is that there exists a significant correlation between the variables in the population. The Bartlett's test was conducted and a high Chi Square value 544.472, with the p-value significant 0.000 was found. Hence the

null hypothesis could be rejected and it can be concluded that there is sufficient correlation between variables to conduct EFA.

The significant Bartlett's test underpin the need to check whether the variables correlate too highly to create the problem of high multicollinearity or singularity that is having near to perfect correlation. According to Field (2009) it becomes impossible in factor analysis to determine the unique contribution of variables to a factor if the variables are highly correlated. Therefore high multicollinearity or singularity should not be present between the variables. To check high multicollinearity the determinant of the R-matrix was checked, value of which should be more than .00001. The value of determinant of the R-matrix found to be .057 which is more than the aforesaid value.

After these preliminary tests EFA was conducted, initially without any rotation and it was found that 61.34% of the variability in the variables was explained by two factors. To interpret the factors better rotation was done and the method used was oblique rotation as there is no reason to believe that the perceived latent factors should be orthogonal or independent. Initially though varimax rotation was also done yielding a better re-distribution of 61.34% of explained variance by two factor solution. To confirm the results obtained by varimax rotation the component transformation matrix was studied. If no rotation is required, this matrix is an identity matrix (diagonal elements as 1 and all off-diagonal elements 0) and if orthogonal rotation is appropriate then this matrix would be a symmetric matrix with same off-diagonal elements (Field, 2009). The obtained component transformation matrix was found to an unsymmetrical indicating dependency between latent actors (it can very well be conceived that convenience and merchandising may co-vary) and hence indicating oblique rotation.

Consequently factor analysis was done with oblique rotation using Direct Oblimin method as recommended by (Field, 2009). To extract the factors initially Kaiser (1960) criteria of eigenvalue more than 1 was employed. The result was extraction of two factors with 61.34% explained variance. Kaiser's criterion is accurate and accepted in two conditions first when there are less than 30 variables and all extracted communalities are all greater than 0.7 and the second situation is when the sample size exceeds 250 and the average communality after extraction is more than 0.6. The communalities after extraction for the sample collected in this study are given in Table 3.

Table 3: Extracted Communalities through Kaiser's Criteria

No.	Variables	Initial	Extraction	No.	Variables	Initial	Extraction
1	Time Convenience	1	0.725	5	Product Information	1	0.591
2	Place Convenience	1	0.645	6	Product Quality	1	0.394
3	Price/discounts	1	0.634	7	Fun, Play & Pleasure	1	0.604
4	Product Variety	1	0.648	8	Social Recognition	1	0.668

It is evident from the table that all the communalities are not greater than 0.7 so the first condition is not met. Although the average communality is 0.61 but the sample size in this study is 195 so the second condition is also not applicable. The criterion of scree plot was also not very much informative as there was no sharp point of inflexion indicating either two or three factors to be retained. Consequently Joillife's (1972, 1986) criterion was employed. Joliffe (1972, 1986) states that the Kaiser's criterion is very strict and it is suggested that all factors having eigenvalues greater than 0.7 shall be retained. When this criterion was employed with direct Oblimin rotation SPSS extracted three factors with 72.34% of variance explained as evident from the Table 4.

Table 4: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	3.359	41.986	41.986	3.359	41.986	41.986	2.953
2	1.549	19.359	61.346	1.549	19.359	61.346	1.546
3	0.891	11.134	72.48	0.891	11.134	72.48	2.288
4	0.629	7.868	80.347				
5	0.557	6.958	87.305				
6	0.43	5.376	92.681				
7	0.352	4.401	97.083				
8	0.233	2.917	100				

Notes: 1. Extraction Method: Principal Component Analysis. 2. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Hence three factors solution was accepted for the collected sample since the variance explained was 72.34% which is considerably high and all the extracted communalities were close to 0.7 while the average communality was .724 indicating a good amount of variance explained in the observed variables. The first factor explains 42% variance, the second 19% while the factor explains about 11% of the variance.

To interpret and name the extracted factors, factor loadings of different variables onto the factors were studied. Typically a loading of value .4 is considered to be important as suggested by Steven (1992). Nevertheless the significance of loading depends upon the sample size Steven (1992) suggested a critical list of loadings against different sample sizes. In nutshell if the sample size is small then only large values of loading can be considered important whereas for a large sample size even a small value could be interpreted. In a sample size of 50 only loadings .722 can be interpreted, for 100 the loading should be greater than 0.512, for 200 it should be greater than .364 and for a sample of 1000 even a value of .162 is meaningful. Following Steven's criterion of sample size less than 200 only a loading greater than .512 was interpreted. The loadings of variables onto the retained factors are shown below in the table 5. The three factor structure is very clear with each variable loading highly onto only a single factor. There are no cross loadings so unidimensionality of each factor can be considered and explicit naming of the factors could be done.

The extracted factor 1 is highly loaded with place convenience with loading .921, time convenience having loading .919 and moderately loaded with price/discounts with .695. This factor can be interpreted as the core or basic benefits as perceived by the customers and hence may be called as essential value attached with online purchasing. Factor 2 is loaded with the variables representing feelings of fun/pleasure and social recognition with high loadings of .834 and .849 so it is termed as emotional experience. Factor 3 is loaded with three variables representing product variety, product information and product quality with loadings .571, .632, and .908 respectively. This factor may very well be conceived as merchandising.

Table 5: Factor Loadings - Rotated Component Pattern Matrix

Variables	Component		
	1	2	3
Time Convenience	0.921		
Place Convenience	0.919		
Price/discounts	0.695		
Product Variety			-0.571
Product Information			-0.632
Product Quality			-0.908
Fun, Play & Pleasure		0.834	
Social Recognition		0.849	

Notes: 1. Extraction Method: Principal Component Analysis. 2. Rotation Method: Oblimin with Kaiser Normalization. 3. Rotation converged in 7 iterations.

Hence we can accept the hypothesis H1 in totality and conclude that there is significant correlation among different perceived benefit variables and eight benefit variables can be reduced to three latent factors or constructs.

6.2 Hypotheses H2a to H2e Testing

Hypothesis H2 is regarding relationship between the perceived benefit factors and different demographic variables. To analyse these relationships factor scores obtained in EFA by regression method were considered. The mean scores of each factor across different demographic categories are compared with the help of either t-test or one way ANOVA depending upon the number of categories in the demographic variable. Prior to any comparison of mean Levene's Test for equality of variances was conducted and it was found that all tests were non-significant. The variations in perceived benefit factors across various group of customers based on demographics viz. gender, age, education level, monthly income and occupation are as follows:

6.2.1 Impact of gender: to assess whether gender affects the perceived benefit factors t-test was used since there are only two categories of gender. The mean score of males and females on three factors were compared separately as shown in Table 6. Results indicate that sample means for males and females do not differ significantly for any of the three latent perceived benefit factors hence hypothesis H2a may be rejected. Therefore we can state that there is no significant difference between benefit perceptions of males and females.

Table 6: Mean Score Comparison of Perceived Factors based on Gender

t-test for Equality of Means						
Factors	Gender	N	Mean	t	DoF	Sig. (2-tailed)
Essential Value	Male	125	.0201154	.375	193	.708
	Female	70	-.0359204			
Emotional Experience	Male	125	.0588824	1.099	193	.273
	Female	70	-.1051471			
Merchandising	Male	125	-.0834922	1.564	193	.120
	Female	70	.1490932			

6.2.2 Impact of Age: as there were four categories in age groups One-way ANOVA was employed to test any significance of difference in the mean score across the different categories. Test was applied separately for each construct of perceived benefits as shown in Table 7. Results indicate a non significant F Test (all p-values>.05) for all the three factors which means

that there is no difference across the age groups with respect to the perceived benefit factors which leads to the rejection of hypothesis H3a that benefit factors differ across age groups.

Table 7: Comparison of Mean Scores of Perceived Factors across Age Groups

ANOVA for Age Groups						
		Sum of Squares	df	Mean Square	F	Sig.
Essential Value	Between Groups	0.238	3	0.079	0.078	0.972
	Within Groups	193.762	191	1.014		
	Total	194	194			
Emotional Experience	Between Groups	0.735	3	0.245	0.242	0.867
	Within Groups	193.265	191	1.012		
	Total	194	194			
Merchandising	Between Groups	0.334	3	0.111	0.11	0.954
	Within Groups	193.666	191	1.014		
	Total	194	194			

6.2.3 Impact of Education: initially there were five levels of education however after data collection it was found that no respondent was below UG level so only three levels were present. One-way ANOVA technique was applied to study the relationship between education level and perceived benefit factors. Here also tests were conducted separately for all three constructs of perceived benefits as shown in Table 8. It is evident from the table that there is no difference at any level of education for perceived benefit factors. Thus hypothesis H2c is rejected indicating that benefit perceptions are independent of education of the respondents.

Table 8: Comparison of Mean Scores of Perceived Factors across Categories based on Education

ANOVA for Education Categories						
		Sum of Squares	df	Mean Square	F	Sig.
Essential Value	Between Groups	1.954	2	0.977	0.977	0.378
	Within Groups	192.046	192	1		
	Total	194	194			
Emotional Experience	Between Groups	0.637	2	0.318	0.316	0.729
	Within Groups	193.363	192	1.007		
	Total	194	194			
Merchandising	Between Groups	3.658	2	1.829	1.845	0.161
	Within Groups	190.342	192	0.991		
	Total	194	194			

6.2.4 Impact of Occupation: in order to assess the influence of the occupation on perceived benefit factors One-way ANOVA test was used as there were three employment status categories. The significance of difference if any was tested separately for each latent factor. Results are presented in Table 9. The F ratio was insignificant for all three factors leading to the rejection of hypothesis H2d which states that perceived benefit factors differ across different occupation groups.

Table 9: Comparison of Mean Scores of Perceived Factors across Occupation Groups

ANOVA for Occupation Groups						
		Sum of Squares	df	Mean Square	F	Sig.
Essential Value	Between Groups	2.23	2	1.115	1.116	0.33
	Within Groups	191.77	192	0.999		
	Total	194	194			
Emotional Experience	Between Groups	0.542	2	0.271	0.269	0.764
	Within Groups	193.458	192	1.008		
	Total	194	194			
Merchandising	Between Groups	0.74	2	0.37	0.367	0.693
	Within Groups	193.26	192	1.007		
	Total	194	194			

6.2.5 Impact of Income: income of the respondents was recorded into six categories. The effect of income on perceived benefit factors was studied through One-way ANOVA technique. Results shown in Table 10 suggest that no significant difference exists in the mean scores across income levels for all the three benefit factors. Consequently hypothesis H2e is also rejected leading to the conclusion that income of the respondents does not affect benefit perception factors.

Table 10: Comparison of Mean Scores of Perceived Factors across Groups based on Income

ANOVA for Groups based on Income						
		Sum of Squares	df	Mean Square	F	Sig.
Essential Value	Between Groups	6.512	5	1.302	1.313	0.26
	Within Groups	187.488	189	0.992		
	Total	194	194			
Emotional Experience	Between Groups	1.986	5	0.397	0.391	0.855
	Within Groups	192.014	189	1.016		
	Total	194	194			
Merchandising	Between Groups	2.464	5	0.493	0.486	0.786
	Within Groups	191.536	189	1.013		
	Total	194	194			

7. MULTIPLE LINEAR REGRESSION

Multiple Linear Regression technique (MLR) was employed to study the simultaneous impact of five demographic variables on benefit perceptions since through One-way ANOVA only one demographic variable was analyzed at a time. Though factorial ANOVA could also have been used but with five independent variables there would be multiple interaction effects, and interpreting them would have been very complex. Therefore MLR was applied with latent factors as the dependent variables and the demographic characteristics as independent variables. Since there were three dependent variables (perceived benefit factors) therefore three separate MLR models were analyzed. As far as independent variables are concerned three variables viz. age, education and income were measured at ordinal level so they were entered directly into the regression analysis. Gender and occupation were purely categorical so dummy variables were used. As gender has only two categories so male was treated as the base category and only one dummy variable was coded. The occupation of the customers was recorded into three categories leading to the introduction of two dummy variables with students/unemployed treated as the base category, this group was treated as base as it would be logical to compare the earning groups with non earning group. The assumption of multicollinearity was assessed through VIF and Tolerance statistics and it was found that all the VIFs were well below 10 (Myers, 1990) and all Tolerances were above .2 (Menard, 1995).

The results of MLRs are shown in Table 11 and it can be interpreted that none of the coefficients of demographic variables viz. age, education, income, gender and occupation have p-values less than .05 and it is true for all the three factors or models. The variance explained by demographic variables in all three dependent factors is negligible leading to overall misfit of the models with low F values and all three p-values more than .05. Hence it may be concluded that the perceived benefit factors are independent of the demographic characteristics of customers. These results match with the results of ANOVA conducted separately for all demographic variables.

8. CONCLUSIONS

The main purpose of the study was to identify main benefits of online shopping as perceived by the customers and to explore the presence of any underlying perceived benefits factors along with the objective of assessing whether there is any impact of

demography on these perceived factors. The eight major identified benefits of online shopping were convenience of time, convenience of place, price/discounts or competitive pricing, product information, product variety, product quality and feeling of fun or pleasure and social recognition. Through descriptive analysis it was found that price/discounts or competitive pricing, place convenience, and product variety were the most important benefits as perceived by the customers followed by time convenience, information and product quality as second, third and fourth most important benefits respectively. Fun, play or pleasure and social recognition were found to be least important as perceived by the customers.

The study primarily helps to identify the key benefits factors as perceived by the customers. An EFA was conducted with direct Oblimin method of oblique rotation with eight observed benefits and it was found that these eight benefits could be summarized and reduced into three definite factors. The first one was named as essential value as it comprises convenience of time, convenience of place, price/discounts or competitive pricing. The next component is that of merchandising comprising of product related information, variety and the third factor extracted was the Emotional value consisting feelings of fun and social recognition. From managers point of view it is important to identify these factors in Indian context. It may be apprehended that convenience and price are still the core value sought by the consumers. Competitive pricing should not only be used to initially attract the customers online but should also be sustained and online retailing firms should strive to develop it as their differentiation strategy.

Merchandising in online retailing is as intact as in traditional retailing mode. Due to the absence of human interaction in online settings comprehensive information about the product is essential. This information may be presented in an innovative way so that customers get interested in knowing the product closely. To induce innovativeness visuals, sound or even videos could be attached. Product variety should be exhaustive and quality of products should be maintained for branded as well as non branded products. Emotional value derived from online shopping could enhance the overall experience of customers. To enhance this experience, experimentations with attached online games or other engaging activities could be carried out. From academic perspective it may be understood that behavior of consumers towards benefits of online shopping is affected by three key underlying or unobserved factors

viz. essential value, merchandising and emotional value. These are the three forces or causes and each factor is manifested by different observed benefits as discussed earlier.

The study also makes an effort to assess the impact of demographic characteristics on perceived benefit factors. Five demographic variables that were observed are gender, age, education, occupation and income of the customers. The individual effect of each demographic variable was assessed by either t-test or One-way ANOVA technique whereas Multiple Linear Regression was used to assess the simultaneous effects of all the demographic variables. In contrast to the common conception that the perceived benefits would differ across different categories of buyers based on demography it was found that the mean scores of all the demographic categories is same for all three factors. This indicates that gender, age, education, occupation and income do not affect the perceived benefit factors significantly. Similar results were also obtained through MLR indicating non significant impact of all the demographic variables on any perceived benefit factor. All the three models tested were found to be insignificant. Thus it may be inferred that the perceived benefit factors are independent of the demographic characteristics of the online customers. From marketers point of view it may be an important insight for drafting strategy while deciding the value proposition for online consumers. As there is no effect of any demographic characteristic a single strategy could be formulated for different demographic groups which may help in cost cutting if applied thoughtfully.

9. LIMITATIONS OF STUDY

The major limitation of the study is that results are valid only for a specific geographic area that is Lucknow and since the sampling method was non-probabilistic due to the non availability of sampling frame and budget constraints the finding may not be valid and generalized for all customers. Another limitation of the study was that only eight benefit variables were used other factors like trust, service quality; financial security etc. may also be introduced in further researches.

10. DIRECTIONS FOR FUTURE RESEARCH

The study may be conducted in different geographical location and cities to validate the results of the study. Use of Random Sample from a compiled list of online customers or a sampling frame may validate the finding and results to a large group of customers all over India. The next level of the research could be introduction of

other variables as stated above and exploring their relationship with satisfaction in online retailing.

Table 11: Results Multiple Linear Regression

Independent Variables	Dependent Variables								
	Model 1			Model 2			Model 3		
	Essential Value			Emotional Value			Merchandising		
	Beta	t	P-value	Beta	t	P-value	Beta	t	P-value
(Constant)	-.426	-	.289	.234	.581	.562	-.137	-.341	.733
Age	-.094	-.742	.459	.042	.327	.744	-.115	-.905	.367
Education	.093	.925	.356	-.021	-.211	.833	.008	.081	.936
Income	.098	.663	.508	-.114	-.772	.441	.109	.741	.460
Gender Dummy	-.023	-.308	.758	-.086	1.158	.248	.113	1.528	.128
Occupation Dummy 1 Stu./Umemp. vs Self Emp.	-.051	-.427	.670	.083	.693	.489	.019	.159	.874
Occupation Dummy 2 Stu./Umemp. vs Salaried	.037	.340	.734	.011	.100	.921	.051	.471	.638
Overall Model Fit	R ²	F	P-value	R ²	F	P-value	R ²	F	P-value
	0.02	.623	0.711	0.014	.460	0.837	0.023	.734	0.623

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Appendix Questionnaire

Please Tick at the Appropriate Options

Section I

1. Gender:
 - i. Male
 - ii. Female
2. Age (In Years):
 - i. 18 to 25
 - ii. 26 to 30
 - iii. 31 to 36
 - iv. More than 36
3. Educational Qualification:
 - i. Below HSC
 - ii. HSC or Intermediate
 - iii. Graduate
 - iv. Post Graduate
 - v. Scholar/PhD
4. Employment Status:
 - i. Self-employed
 - ii. Salaried
 - iii. Student/Unemployed
5. Monthly Income (in Rs):
 - i. No income
 - ii. Up to 10,000
 - iii. 10,001- 20,000
 - iv. 20,001-30,000
 - v. 30,001-40,000
 - vi. More than 40,000
6. On average how often you use internet for product information search or shopping

- i. Once a month
- ii. Once a week
- iii. 2-4 times a week
- iv. Daily

Section II

Why do you shop online? Assess the following reasons/benefits of shopping online as perceived by you.

- 1 – Not at all important
- 2 – Somewhat important
- 3 – Neither important nor unimportant
- 4 – Important
- 5 – Very important.

Please tick (√)

	Perceived benefits	1	2	3	4	5
i.	Convenience of time					
ii.	Convenience of place					
iii.	Price/Discounts					
iv.	Product variety					
v.	Product information					
vi.	Product quality					
vii.	Fun, play or pleasure					
viii.	Social recognition					

BOOK REVIEW: AGAINST THE GODS-THE REMARKABLE STORY OF RISK

PRADEEP MAMGAIN*

Risk is always unwelcome but it comes in plenty and to know risk is necessary to survive.

Against the Gods is an outstanding book about the evolution of risk its theorists and practitioners. The author Peter L. Bernstein takes the reader on a remarkable thousand years journey from beginning to sixties. The author's central idea is that risk is essential for making decisions and it is inevitable for measuring financial risk.

Bernstein takes readers to 17th century London where merchants, ships, captain, sailors and investors meet and go for new ventures.

Bernstein discuss the development history of probability and statistical analysis so that the readers learn about revolutionary thinkers on risk measurement like Gaussian (Normal Distribution), Von Neumann (Inventor of game theory), Francis Galton, Karl Pearson, Harry Markowitz (father of modern portfolio theory), Fisher black (Black Scholes option model) among others.

Readers will be amused by reading stories of Abraham de Moivre Bell Curve, regression, mean Game theory, Portfolio theory and Fibonacci series to data analytics.

Against the Gods was chosen as one of Business Week's top 10 book of the year for 1996 having its relevance even after many years as risk measurement is highly desirable in all field of studies.

Bernstein tells the importance of book keeping for data generation. How the record of annual birth and death in old wroclaw town lays the foundation for modern life-insurance industry by calculating life expectancy. How Halley's analysis produces the earliest actuarial tables.

The journey of data to mathematical analysis produces information and its usefulness in risk measurement.

The book cover title may mislead management graduates who want to understand risk instead they will read about the history of risk measurement theory developers.

The book is accessible to read by layman even and no claim may be made on its intellectual or academic treatment.

The book also tells about the current mastery on risk measurement techniques and its smallness in front of

nature. Towards the end of the book the irrational behavior theory on finance is discussed.

The author brings the readers into modern application of risk measurement ranging application on ancient ship journey to modern financial derivative instruments. The book reveals the data as a tool with no soul but become fetishes when used inappropriately.

How the practitioners manage their confidence in failed measurement in relation to stock market performance governed by its irrational behavior.

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