

# "ANVITA"

*Building bridges between academia and industry*

## A Business Research Conference on Challenges, Innovations and Developments in Management



Organised by:

H & G H Mansukhani Institute of Management  
CHM Campus, Opp. Ulhasnagar Railway Station,  
Ulhasnagar 421 003. Dist. Thane

## ***H & G H Mansukhani Institute of Management***

H. & G. H. Mansukhani Institute of Management was established under Hyderabad Sind National Collegiate Board. HSNC Board is one of the oldest minority institutions in India, having been founded in the year 1949. It imparts a broad, balanced as well as professional education to the students.

The Board believes that education is an ongoing process of revelation and re-interpretation that leads to a rapturous growth of the individual. The Board has expanded its network of colleges encompassing wide range of disciplines like Arts, Science, Commerce, Management, Education, Pharmacy, Engineering and Law. Today the Board manages 25 educational Institutions with approximately forty thousand students.

H. & G. H. Mansukhani Institute of Management is the first Post Graduate Management Institute under the Board, which is approved by AICTE and affiliated to Mumbai University, was established in the year 2005, under the aegis of HSNC Board. This is the first Management Institute in the neighborhood area between Thane to Karjat, catering to the knowledge desires of students in these areas by conducting MMS course.

MIM looks forward to the holistic development of an individual. Every activity and event in the Institute is carried out with a view to develop professionals who will lead the society towards a better future. The campus is alive, throughout the year with a number of activities such as Seminars, Workshops, Guest Lectures, Sports, Industrial Visits and Intercollegiate Festivals arranged by the students under the able guidance of the faculties. Not only are the students keen on excelling in their academics but also these young minds are. We at MIM strive to build 'Creativity, Confidence and Leadership' within our students and shape them in such a way that they stand out in every endeavor that they undertake.

### ***About the Conference***

The planet may be getting smarter, but it is also getting more dynamic and harder to predict; particularly the business world. Everything from swings in markets to increasing global competition to new consumer expectations is changing at a furious pace. Businesses today embrace change by creating a more agile, collaborative, and connected environment.

The conference intended to provide a platform to learn from, and network with different individuals and hear their insights on the Challenges, Innovations and Developments in Management. Academicians, researchers and students from around 10 different cities in India contributed their research papers on topics ranging from Leadership, Quality of Work life, Banking Sector in India to Viral Marketing, Mobile phone Generation Technology.

MIM would like to thank all the authors, reviewers and the committee members for their valuable contributions for making this conference a success.

## ***Director's Message***

H & G H Mansukhani Institute of Management was established in 2005, under the aegis of Hyderabad (Sindh) National Collegiate Board. The Board believes that education is an ongoing process of revelation and re-interpretation that leads to a rapturous growth of the individual. The Board has expanded its network of disciplines like Management, Arts, Science, Commerce, Education, Pharmacy, Engineering and Law. Today the Board manages 25 educational Institutions with approximately forty thousand students.



H & G H Mansukhani Institute of Management is approved by AICTE & affiliated to the University of Mumbai. Named after the visionary brothers Gyan Prasarak Diwan Hashmatrai Himmathmal Mansukhani & Vidya Prasark Gangaram Himmathmal Mansukhani, the Institute aims to nurture students by providing a conducive environment, based on value based education, highly competitive in nature. Our students are groomed to reflect, appreciate and confront conventional wisdom in order to forge new horizons. It is our endeavor to not only give young lives the right direction but also to enrich every aspect of their personalities to become contributing and responsible citizens. Our dream is to ignite minds, develop latent potential and to create leaders who will leave a mark in the world.

The world is getting smarter, but it is also getting more dynamic and harder to predict; particularly the business world. Everything from swings in markets to increasing global competition to new consumer expectations is changing at a furious pace. Businesses today embrace change by creating a more agile, collaborative and connected environment.

H & G H Mansukhani Institute of Management looks forward to the holistic development of an individual. Every activity and event in the Institute is carried out with a view to develop professionals who will lead the world towards a better and elegant future.

The conference aspires to capture the essence of managing business. It aims to bring into picture unique practices, thoughts, ideas and strategies which may be useful to a multiple of stakeholders. The conference focuses on paper presentations on issues in managing business. The conference intends to bring academicians, researchers and practicing managers to come together and provide exposure to new endeavors and horizons made in meeting management challenges for tomorrow.

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***"Cloud Computing: A new Epoch of IT prospect and challenges"***

*Prof. Deepshikha Gauba*

*Assistant Professor-IT*

*Algol School of Management and Technology*

## **Abstract**

The Universe is turning out to be a small global village with infrastructure developments growing at a rapid pace and IT industry stands at the doorsill of a new phase in the technological bound. Cloud Computing is just one off the shoots, which has made the global village smarter to meet the various demands of the IT growth. Organizations are switching from company-owned hardware and software assets to service-based models, so that the projected shift to cloud computing will result in dramatic growth in IT products in some areas and significant reductions in other areas. My paper will be a review report on how Cloud Computing will emerge as a winning tool for large/small enterprises alike and how it will improve workload optimization and service delivery by making IT resources cheaper and giving businesses a great suppleness to expand.

## **Introduction**

The term “cloud computing” is seemingly ubiquitous these days as it appears in technology literature, in media reports, in business literature etc. At the same time, the term is so nebulous that many people are not even fully aware of what cloud computing actually is.

A recent survey carried out by PEER 1 Network Enterprises found that out of the 88% of key decision-makers that do not use cloud computing, 39% said it was because they don't know enough about it.

The name Cloud computing (Cc) was inspired by the cloud symbol that's often used to represent the Internet in flowcharts and diagrams. Cc can be very swift and trouble-free to get up and running. In organizations with huge Infrastructure and Human resource, buying software involves huge investment. Even if we download and Install software for personal usage using internet it takes longer .However, we can set up a Web-based free e-mail account very quickly in hassle free manner and start emailing right away- it takes minutes and all we need is a computer and the Internet.

Cc is thus summarized as set of pooled computing resources delivered

over the whereby shared resources, software, and information are provided to computers and other devices as a utility over a network.

In traditional enterprise computing, various hardware and software were required for the employees working in the firm. In this case buying computers isn't enough – the firm also had to purchase software or software licenses to give employees the tools they require. In such scenario, IT departments forecast demand for applications and capacity and invest time and money to develop those resources in-house or purchase them from others and operate them in-house. With every new person hired, more software had to be bought or it had to be checked whether the current software license allows another user. This activity is very demanding and requires colossal amount of money to be spent. Here in comes the role of Cloud computing. With cloud computing, institutions procure IT services from remote providers, and access these resources over the Internet. One only needs to load an application which would allow workers to log into a Web-based service which hosts all the programs the user would need for his or her job. These services run on remote machine owned by another company which would run everything from e-mail to word processing to complex data analysis programs i.e. the software is hosted by the provider and does not need to be installed—or maintained—on individual computers around campus. In some cases, a large university or a consortium might become a provider of cloud services. Storage and processing needs can also be met by the cloud. Institutions pay only for the resources used, and users can access the applications and files they need from virtually any Internet connected computer.

The Cloud delivers a hosting environment that doesn't limit an application to a specific set of resources. They are of particular commercial interest not only with the growing tendency to out source IT so as to reduce management overhead and to extend existing, limited IT infrastructures, but even more importantly, they reduce the entrance barrier for new service providers to offer their respective capabilities to a wide market with a minimum of entry costs and infrastructure requirements – in fact, the special capabilities of cloud infrastructures allow providers to experiment with novel service types whilst reducing the risk of wasting resources. Depending on the platform, an application can scale dynamically and increase its share of resources on-the-fly.

## **Challenges: The blizzard in the cloud**

Cloud computing is not an innovation per se, but a means to constructing IT services that use advanced computational power and improved storage capabilities. However, the fact that cloud computing is not used for all of its potential is due to a variety of concerns.

### **• Security**

By definition, cloud computing means the sharing of information across the internet. This raises security concerns, both in the protection of those streams as well as in the safeguards and security applied to the data while it resides in the cloud. Concerns have been repeatedly raised over the ability of law enforcement bodies to access sensitive corporate and personal information stored in cloud computing solutions. While a leading edge cloud services provider employ data storage and transmission encryption, user authentication, and authorization (data access) practices, many people worry about the vulnerability of remote data to such criminals as hackers, thieves, and disgruntled employees. Authentication should be backed by several methods like password plus flash card, or password plus finger print, or some combination of external hardware and password. Cloud providers are enormously sensitive to this issue and apply substantial resources to mitigating concern. With privacy laws varying substantially from country to country, the potential lack of control over the physical locations of storage and processing creates serious data protection and privacy concerns.

Security also refers to implementing various other parameters such as confidentiality, integrity and availability, which pose major issues for cloud vendors. Confidentiality refers to who stores the encryption keys. It is recommended that the client company should own the encryption keys for privacy issues. The benefit of cloud computing is that client software security does not need to be enforced as strictly as before. Integrity refers to the fact that no common policies exist for approved data exchanges. The industry has various protocols used to push different software jobs. One way to maintain data security on the client side is the use of thin clients that run with as few resources as possible and do not store any user data, so passwords cannot be stolen. The concept seems to be impervious to attacks based on capturing this data. Lastly, the most problematic issue is availability, as several companies using cloud computing have already experienced downtime. Other things to keep in mind are contract policies between clients and

vendors, so that data belongs only to the client at all times, preventing third parties to be involved at any point.

#### **• Reliability**

For a customer, it is a matter of concern if cloud service provider is financially stable and whether their data storage system is trustworthy. Most cloud providers attempt to mollify this concern by using redundant storage techniques, but it is still possible that a service could crash or go out of business, leaving users with limited or no access to their data. A diversification of providers can help alleviate this concern, albeit at a higher cost.

#### **• Legal issues associated with cloud computing**

There are several Legal Issues associated with Cc such as where is the data stored physically. The data could be stored anywhere and we may not even know where the data center is situated. The customer must be clear so as to the provisions of the prevailing law in that particular nation and must be aware of there of the place of jurisdiction in case of a dispute i.e in case a conflict arises between the cloud vendor and the customer, which country's court system will settle the dispute. Another concern is the situation in case the data center is hit by a disaster. The question is whether we are indemnified by the insurance company for loss of business or not in case the vendor's premises are severely affected due to a disaster. Other major concern is that whether there any liability coverage for breach of privacy i.e if a privacy breach occurs due to a fault of cloud vendor, is there any liability coverage policy taken up by the vendor. Also while choosing a vendor we must check how secure trade secrets are i.e how secure will the information be in hands of the cloud vendor.

#### **• Outages**

Unplanned outages are a reality of any cloud computing solution. The inevitable downtime requires organizations to develop strategies and backup plans for how their business needs will be met during times when their cloud applications, and the data stored and processed by those applications, will be unavailable. A company must consider what sort of redundancies and work around are necessary to handle both temporary outages and major breakdowns in its cloud-based environment, and how it will be able to implement those alternatives with assistance from the cloud provider and, if necessary, separate and apart from the cloud provider. Understanding the cloud provider's disaster recovery and business continuity measures, negotiating strong

service level agreements and disaster recovery commitments, and implementing various other stop gap measures, such as off-line software synchronization, will help company weather outages in its cloud computing solutions.

#### **• Licensing and Contractual Issues**

The pricing in Cloud computing is typically based on a pay-as-you-go approach and the customers need a means for verifying their fee obligations and controls on fee increases. A customer should carefully consider what contractual obligations it would need in place to ensure that a transition from one cloud provider to another, or away from a cloud computing environment, occurs smoothly. Cloud computing requires agreements that provide for a licensing structure and contract terms that fit the cloud computing model of shared resources and web-based computing. In addition, cloud computing agreement should document a comprehensive understanding of each party's intellectual property rights in the solution, the information stored, the hosted applications, and all developments that result out of the cloud computing arrangement.

#### **• Permanence of data**

Another pervasive risk of cloud computing is the risk of data permanence. In addition to contractual measures to ensure data protection while held by the cloud provider, it is imperative to consider what happens to the data at the end of the contract. Measures will need to be put in place to ensure that any copies of the data will be removed permanently from the cloud infrastructure, and within what time period this will be done.

### **Prospects: The silver Line in the cloud**

Cloud computing has transformed the computing and technology age in its totality, and the platforms it has provided effect the ways in which business is conducted. In present circumstances where organizations are looking for methods to reduce their operation costs, cloud computing provides a cost effective alternative to reduce spending on IT infrastructure. The importance of cloud computing for organizations is evident as Cc infrastructures allow for immediate access to hardware resources without capital investment, get projects to market faster because they don't require tech setup and make it easier to scale operations.

It will undoubtedly transform the information technology (IT) industry,

but it will also profoundly change the way people work and companies operate. As cloud computing now begins to move from the fringe to the mainstream, there is considerable excitement surrounding the movement among its various stakeholders. Cloud computing is indeed an exciting new way of looking at the Internet and the way we can share information with people from all around the world. Corporations are eagerly investing in promising cloud computing technologies and services. Several IT companies have begun developing and deploying cloud computing platforms, applications and tools. IT departments in many enterprises are now being asked, or soon might be asked, to explore how their organizations can embrace cloud computing and deploy and monitor applications on a cloud.

One of the most attractive aspects of cloud computing is the fact that it's as simple and straightforward to use as any Web site. Through Point-and-click configuration of the interfaces employees can customize his or her experience with the applications – which means that everyone is more likely to adopt them quickly. This eliminates the lengthy deployment, and extensive training, which accompanies traditional software programs such as Oracle or SAP. Individual users have only have to worry about updating information and entering data, and the application will take care of the rest.

Businesses have found cloud computing to be an innovative and effective force on both customer relationship management and customer services and it will be a wave in near future. It can benefit the business in a variety of ways such as:

- **Enhancing Business functionality**

Cloud computing solutions have had a tremendous impact on the crucial aspect of communications in business. The tedious efforts of internal communications and the margin of miscommunication have been practically eliminated by cloud computing tools. Businesses share and purchase a variety of services provided by an off site host and only pay for what they use. Because such services are automated and handled by the host provider, businesses need not worry about the many financial, manpower and infrastructure issues that usually arise when concentrating on successful customer relationship management. Hence, businesses can function more effectively and efficiently when relying upon services on the cloud.

- **Easy User Interface**

Businesses involved in cloud computing find that the ease of use makes it a valuable resource. Host providers might supply services that are simple for businesses to access. Cloud computing maintains the most dynamic infrastructures with the ability to change quickly and adapt to immediate needs in usage, data storage and service deployment. It creates and improves technology platforms that can monitor resource capacity, utilize necessary conservation of resources and manage the scheduling of reserves. A business using Cc finds that these services benefit both the business and its customers. Businesses are empowered by the ability to efficiently and effectively serve, satisfy and study their customers' needs and concerns.

- **Helps maintain better Customer relationships**

With Cc, many applications are available for customer relationship management that provides improved services for users. Within the realm of cloud computing, businesses can manage inbound contact from customers, provide outbound responses and gather data about consumer attitudes while having the ability to continually track and organize these interactions and information. Because of the essential function that customer relationship management plays in maintaining a strong, expanding consumer base, many businesses are using services on the cloud to provide its customers with reliable mechanisms to enhance their experiences and satisfaction in managing a valuable customer experience.

- **Improving workload optimization**

Business requires supporting more data, more applications and more devices than ever. To do this, we have to wrangle all of your servers, storage, and network systems into some kind of integrated and manageable platform. Virtualization and cloud-style computing can help in this regard, but they work best when we have preset configurations for common workloads. At the end of the day, we're still responsible to ensure that critical applications function reliably around the clock, that there's room to grow, and that we're not wasting a lot of money, time, and power on resources that are sitting idle. This is where workload optimization comes in and why it is getting more attention these days. Workload optimization matches application characteristics and service-level requirements to the best platform for the job, be it a cluster, a rack or blade server, a grid environment and so on. Smart management systems let us optimize resource stacks to meet memory,

I/O, scalability, security and storage requirements. Different applications have different needs, and workload optimization ensures that middleware and hardware are tuned specifically for those tasks. It turns out there are many benefits to having a workload-optimized infrastructure i.e. Virtualization works faster, so we can increase utilization rates and performance without investing heavily in new hardware, and can reap a higher and faster return on investment from existing infrastructure. Also applications and databases run faster. Workload optimization allows applications to hold more data in memory, which is valuable for business analytics, decision support and other data-intensive applications.

## **Conclusion**

Cloud computing is still struggling in its infancy, with positive and negative comments made on its possible implementation for a large-sized enterprise. However this technology will require organizations and individuals to rethink the way they interact with their information. This service has the potential to transform a company's information technology architecture and create significant cost savings, when used in an appropriate environment. However, organizations and individuals must clearly understand and acknowledge the risks associated with embracing this trend. Several groups have recently been formed, such as the Cloud Security Alliance or the Open Cloud Consortium, with the goal of exploring the possibilities offered by cloud computing and to establish a common language among different providers. In this boiling pot, cloud computing is facing several issues in gaining recognition for its merits. Its security deficiencies and benefits need to be carefully weighed before making a decision to implement it. Any prospective cloud computing arrangement should be fully reviewed and discussed in detail with your legal counsel. Among the issues that need to be addressed prior to proceeding with a cloud computing engagement are the following: a) How and where will data in a cloud application be stored and processed? b) How sensitive is the data and how critical is it to your business operations? c) How will we fulfill its role in the event of an outage? d) What privacy and security standards do we need the cloud provider to follow? e) Does the cloud provider outsource data storage or processing to third parties? f) What inefficiencies and challenges are present in your current information technology environment? g) How will data and information be transitioned if you decide to change cloud providers or move the services in house etc. However, the future looks less cloudy as more people are being attracted by the topic and pursuing research to improve on its

drawbacks.

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# **"A Study on students' adoption of Mobile Phone Generation Technology"**

*Prof. Ronak K. Panchal*

*Assistant Professor*

*Vidyabharati Trust College of BBA and BCA, Umrakh, Bardoli.*

*Prof. Mulchandji S.Sen*

*Assistant Professor, Department of Management,*

*Shrimad Rajchandra Institute of Management and Computer Application*

## **Abstract**

"Change is the only permanent thing in life." The same is applicable to cell phone industry, which is growing at a very fast pace. The total wireless and the wireline subscriber base is 960 million at the end of May - 2012. With this large user base the use of mobile for various applications is also increasing. Days were gone whereby mobile phones were used only for talking (voice communication). Today mobile phones are used for messaging, multi media message, chatting, internet access, social community sites, games, music, radio, photography and other stuff. As time changes, the taste and preferences of users also get change and hence mobile manufacturers change and/or update their product using latest technology. People have experienced 2G, 3G & 4G technologies in India. Research undertaken here focuses on the mobile generation technology adopted by the students of graduate and post graduate programme in south Gujarat region.

**Key Words:** wireless, wireline, voice communication & Mobile Generation technology.

## **Introduction**

The concept of cell phone introduced in 1947. The first cell phone system was proposed by AT&T and Bell Laboratories to the Federal Communications Commission (FCC) Regulation of the United States. They proposed small, low-powered, broadcast towers, each covering a 'cell' of a few miles in radius (Rastogi 2003). Bell laboratories used the first cell phone with the police car technology. Martin Cooper, a former general manager for the systems division at Motorola, is considered the inventor of the first modern portable handset designed to be used outside the car. It took almost 37 years to cell phones service to become

commercially available in United States. In India the first mobile phone was launched during 1990 by Nokia. After that the mobile phone industry never looked back. In terms of number of wireless connections, China is the world's leader and India is the second rank with 811.59 million mobile phone subscribers. As per the world telecommunications industry report, by 2013, India will have 1.200 billion mobile subscribers. One of the facts about cell phone industry in India is that it is one of the largest industries in India.

The cell phone use is very common today. Gone were the days when mobile phone was considered as a status symbol. Today it has become a common utility medium for communication. One can find its use by most of the people around him/herself. In the same way the mobile phone is frequently used device by students. At the same time it has become a multi tasking device like communication (oral and written), gaming, special utility like mathematic software, dictionary, planner etc., for internet access- surfing, music, video, camera, preparing documents / presentations etc. These applications are possible due to technological platform updates from 1G to 4G. In the field of mobile communication and wireless telephone technology, the first generation (1G) was introduced in 1980's which only accepts analog signals and resists digital signals. The second generation (2G) was introduced in 1991 which allowed for enhanced data service and SMS (Short Messaging Service). In 2G voice communication was digitally encrypted. The revised versions of 2G are 2.5G (GPRS – General Packet Radio Services and the usage of CDMA) and 2.75G (EDGE – Enhanced Data rates for GSM evolution or Enhanced GPRS). The third generation (3G) was introduced in 2001 which uses completely different radio frequencies, it requires different technological support to facilitate high data transfer rate than 2G. 3G supports various applications like video calls, video conferencing, online conference, mobile TV, online gaming etc. The next generation is fourth generation (4G) which provide data transfer at very high rate of 100Mbit/sec to 1Gbit/sec. which is not available even in wired network. The second radical change in last few years is adoption of social networking sites like Facebook, LinkedIn, twitter, orkut, Ibibio, Indyarocks, MySpace etc. According to Times of India report, Facebook has said its user base in India has grown from 8 million in 2010 to 5, 14, 31, 600 (51 million) users now and most of the people access the site through mobile phones, prompting it to rethink its business model. The Facebook penetration in India is of 4.38% of its population and of 63.50 % of its internet users. A survey conducted by Tata Consultancy Services (TCS), shows that 40% of high school students

in India's metros use the mobile phone to access the Internet. This figure in 2009 was 12%. A tablet is the preferred device for 14% students. The survey also states that the use of e-mail for communication is declining. 50% of the students in metros use SMS to communicate; 45% used Instant Messaging and **38% used Facebook or Twitter**. Only 34% use e-mail.

The study undertaken here aims to Study on students' adoption of Mobile Phone Generation Technology An online social network is a web-based or mobile service that allows individuals to construct a public or semi-public profile among various domains, develop a list of other users with whom they share a connection, and manage their list of connections and those made by others within the system. While the term online social network site is used to describe this phenomenon, the term social networking sites also appears in public discourse, and the two terms are often used interchangeably. Currently, popular online platforms include Facebook, Twitter, and MySpace. On many of the large online social networks, participants are not necessarily networking or looking to meet new people; instead, they are primarily communicating with people who are already a part of their extended social network.

### **History and growth of cell phone industry in India**

India's mobile phone industry is one of the fastest growing industries. In the past, the Indian subscribers paid around Rs. 16.40 for a mobile to mobile call and around Rs 32.80 for a mobile to a landline call. Today, as per recent statistics, customers pay far lesser for calls and occasional text messages that add up to around Rs 300 a month and upwards. As per the recent statistics, in India, there are nearly 300 million mobile phone subscribers as compared to just around 30 million Personal Computers. As per Telecom Regulatory Authority of India, basic service licensees includes BSNL and MTNL, major cellular service providers include Idea, Airtel, Vodafone, BSNL, Idea, Docomo, Aircel, Reliance, Tata etc. Airtel covers 21.45 % of subscriber base in India. Reliance is the second largest with a subscription controlling a base of 20.3%. BSNL follows closely at 18.6% and Hutch was 14.7% according to a June 2005 survey.

### **Need for the study**

As per recent survey conducted by JuxtConsult - Delhi-based market research and consulting specialist, almost 1 in 7 mobile users is a 'student'. Graduate and post graduate students are those who have

education it means they do not face language barriers to use mobiles and more importantly there are various applications in the mobile which are of their use. According to Telecom Regulatory Authority of India data, there are 83 million Internet users in India and more than 56% of them are on broadband (Business Standard, 7 December). A large number of users also access social media through mobile phones. According to a report, the number of mobile social network users in India is expected to reach around 72 million by 2014. This would be driven by the reduced cost of smart phones and the launch of 3G services, which will enhance the consumer experience. Various surveys show social media reach 60% of the online audience in India. ViziSense, an online audience measurement service, recently reported that Facebook has the highest reach, with 22.1 million people accessing Facebook in July, followed by Google's Orkut with 18.5 million. Together, they cater to 90% of the users of social media sites (techeye.net, 6 October). With this background study undertaken here focuses on students' adoption of Mobile Phone Generation Technology.

## **Method**

### **PARTICIPANT**

The study involves graduate and post graduate students of the various institutes of South Gujarat region. The students were contacted at their location and questionnaires were filled up by them. The literature indicates that 1 in 7 users of mobile phone is student. Students use mobiles for various purposes like call, messaging, video, gaming, music, e-mail, internet surfing, video chatting, social networking, net banking and other stuff.

### **PROCEDURE**

Data was collected by survey involving face-to-face interview with the 300 respondents who are students of graduate and post graduate programmes. The respondents include students of MBA, MCA, BBA, BCA, BA, B.com etc courses. Responses given by respondents were recorded on nominal scale, multiple choice questions & Likert scale using categories ranging from "Highly Unimportant" (1) to "Highly Important" (5).

### **RESEARCH PROBLEM**

The research problem considered for the study is, "What is the Adoption of Mobile Phone Generation Technology by Students in South Gujarat region?"

## **Objectives for the study**

### **PRIMARY OBJECTIVE**

- To study adoption of Mobile Phone Generation Technology by students.

### **SECONDARY OBJECTIVE**

- To identify the technology preferred by the students
- To know the purposes of mobile phone usage
- To identify the most preferred social community sites used by the students

## **Research methodology**

Here the descriptive research design has been used because we want to describe the adoption of mobile phone generation technology by student with special reference of social community sites of Bardoli region. Here we want to describe which mobile phone technology is used by the students?, What are the various utilities of mobile phone for students?, What are the purpose of using internet on mobile? How do students perceive mobile internet speed? What problems do they encounter while accessing internet on mobile? etc.

## **Data Analysis**

### **MOBILE HANDSET BRANDS USED BY STUDENTS**

Brand	Frequency	Percent	Cumulative Percent
Nokia	163	54.3	54.3
Samsung	103	34.3	88.6
Sony Ericsson	9	3	91.6
Apple	7	2.3	93.9
LG	5	1.7	95.6
Black Berry	3	1	96.6
HTC	2	0.7	97.3
Micromax	2	0.7	98.1

BSNL	1	0.3	98.4
Intex	1	0.3	98.7
Maxx	1	0.3	99
Spice	1	0.3	99.3
Other	2	0.7	100
<b>Total</b>	<b>300</b>	<b>100</b>	<b>100</b>

The above table indicates that 54.3% respondents are using Nokia handsets, 34.3% Samsung, 3.4% Sony Ericsson, 2.3% Apple and 1.7 % using LG handsets.

#### NETWORK / SERVICE PROVIDER

Service Provider	Responses		Percent of Cases
	N	Percent	
<b>For Vodafone User</b>	<b>105</b>	<b>32.3%</b>	<b>38.9%</b>
For BSNL User	42	12.9%	15.6%
<b>For Tata Docomo User</b>	<b>62</b>	<b>19.1%</b>	<b>23.0%</b>
For Uninor User	12	3.7%	4.4%
<b>For Airtel User</b>	<b>59</b>	<b>18.2%</b>	<b>21.9%</b>
For Idea User	32	9.8%	11.9%
For Reliance User	13	4.0%	4.8%
<b>Total</b>	<b>325</b>	<b>100.0%</b>	<b>120.4%</b>

Above table indicates that the highest 32.3% respondent are using Vodafone network, 19.1% respondent are using Tata Docomo network, 18.2% respondent are using Airtel network, 12.9% respondent are using BSNL network, 9.8% respondent are using Idea network, 4% respondent are using reliance network, 3.7% respondent are using Uninor network.

## MOBILE PHONE TECHNOLOGY USED BY STUDENTS

Mobile Technology	Frequency	Percent	Cumulative Percent
2G	213	71	71
3G	84	28	99
Other	3	1	100
<b>Total</b>	<b>300</b>	<b>100</b>	<b>100</b>

Above table indicates that 71 % of the respondents are using 2G, 28% uses 3G & rest 1% respondents uses other i.e. 2.5G technology.

## PURPOSE OF USING MOBILE

Purpose	Responses		Percent of Cases
	N	Percent	
For Voice Communication(Talk)	259	19.2%	87.8%
For Messaging (SMS)	228	16.9%	77.3%
For File Sharing (Bluetooth / Infrared)	171	12.7%	58.0%
For Music and Radio	205	15.2%	69.5%
For Video	134	9.9%	45.4%
For Internet	216	16.0%	73.2%
For Gaming	136	10.1%	46.1%
<b>Total</b>	<b>1349</b>	<b>100.0%</b>	<b>457.3%</b>

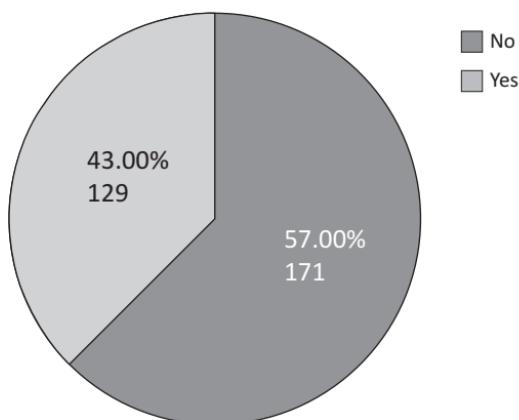
Above table of multiple response analysis indicates that 87.8% responses given for voice communication, 77.3% for Messaging, 73.2 % for Internet, 69.5 % for music and radio, 58.0 % for file sharing, 46.1% for gaming and 45.4 % for video purpose.

## INTERNET ACCESS IN MOBILE PHONE

Response	Frequency	Percent	Cumulative Percent
NO	64	21.3	21.3
YES	236	78.7	100.0
<b>Total</b>	<b>300</b>	<b>100.0</b>	

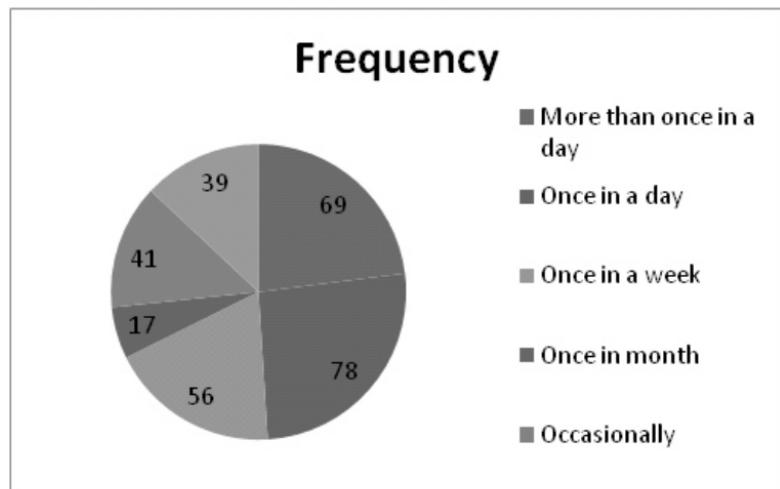
78.7 % students access internet in mobile phone while 21.3% students do not access internet in their mobile phone.

**Is Mobile phone internet speed is higher than the speed of internet on laptop or PC?**



Above pie chart indicates that 57% respondents say that mobile phone internet speed is NOT higher than the speed of internet on laptop or Personal Computer, while rest 43% respondents say that mobile phone internet speed is higher than the internet on laptop or Personal Computer.

#### FREQUENCY OF INTERNET ACCESS ON MOBILE PHONE



Above pie chart indicates that 69 respondents i.e. 23% access internet on mobile more than once in a day, 26% once in a day, 19% once in a week, 6 % once in a month, 14 % occasionally and 13% never access internet in their mobile.

## PURPOSE TO ACCESS INTERNET IN MOBILE PHONES

Purpose	Responses		Percent of Cases
	N	Percent	
For E-mail	163	24.7%	63.2%
For Academic	135	20.5%	52.3%
For Downloading Uploading Files	141	21.4%	54.7%
For Chatting or video chatting	84	12.7%	32.6%
Social Networking Sites	136	20.6%	52.7%
Total	659	100.0%	255.4%

From above multiple response analysis 63.2% responses were marked for email in mobile phone, 54.7% for downloading and uploading files, 52.7% for social networking sites, 52.3% for academic purpose and rest 32.6% for chatting and video chatting purpose.

## MOBILE PHONE FACILITY:

GPRS Facility	Frequency	Percent	Wi-Fi Facility	Frequency	Percent
No	86	27.9	No	138	79.1
Yes	214	72.1	Yes	62	20.9
Total	300	100.0	Total	300	100.0

Above table indicates that 72.1 % respondents were having GPRS facility in their mobile phones.

Above table indicates that 20.9% respondents were having Wi-Fi facility in their mobile phones.

	Response	Frequency	Percent
Network problem	NO	178	59.3
	YES	122	40.7
	Total	300	100.0
Slow speed	NO	144	48.0
	YES	156	52.0
	Total	300	100.0

Above table indicates the problems faced by the respondents while they access internet in their mobile phones. 40.7% respondents confirm that they face network problem while they access internet in their mobile phone. 52.0% respondents confirm that the speed of internet is slow while they access internet in their mobile phone.

## **Findings**

- From research undertaken here it is found that 54.3% respondents are using Nokia handsets, 34.3% Samsung, 3.4% Sony Ericsson, 2.3% Apple, 1.7 % using LG handsets & rest 4.4 % uses other brands.
- It is also found that 32.3% respondent are using Vodafone network, 19.1% respondent are using Tata Docomo network, 18.2% respondent are using Airtel network, 12.9% respondent are using BSNL network, 9.8% respondent are using Idea network, 4% respondent are using reliance network, 3.7% respondent are using Uninor network.
- Regarding mobile technology it is found that 71 % of the respondents are using 2G, 28% uses 3G & rest 1% respondents uses other i.e. 2.5G technology.
- Regarding purpose of mobile 19.2% respondents use mobile for voice communication, 16.9% for Messaging, 16 % for Internet, 15.2 % for music and radio, 12.7 % for file sharing, 10.1% for gaming and 9.9 % for video purpose.
- It is found that 78.7 % students access internet in mobile phone while 21.3% students do not access internet in their mobile phone.
- 57% respondents say that mobile phone internet speed is NOT higher than the speed of internet on laptop or Personal Computer, while rest 43% respondents say it is higher.
- The pie chart indicates that 69 respondents i.e. 23% access internet on mobile more than once in a day, 26% once in a day, 19% once in a week, 6 % once in a month, 14 % occasionally and 13% never access internet in their mobile.
- Regarding purpose to access internet in mobile phone, 63.2% responses were marked for email in mobile phone, 54.7% for downloading and uploading files, 52.7% for social networking sites,

52.3% for academic purpose and rest 32.6% for chatting and video chatting purpose.

- It is found that 72.1 % respondents were having GPRS facility in their mobile phones and only 20.9% respondents were having Wi-Fi facility in their mobile phones.
- 40.7% respondents face network problem while they access internet in their mobile phone. 52.0% respondents confront that speed of internet is slow while they access internet in their mobile phone

## **Conclusion**

Research undertaken here concludes that the Nokia and Samsung are the most preferred brands used by the students. Private mobile service providers including Vodafone, Tata Docomo and Airtel dominate the students market. BSNL is at the forth rank in the list. Majority of the students uses 2G networks while 3G network is used only by 28 % of the respondents. From open ended question we come to know the reason behind less usage of 3G network is network problem and high cost of 3G network. Majority of the students access internet on their mobile out of which 57% believes that internet access speed is lower than desktop or laptop. 49% of students access internet daily in their mobile phone. The prime application to access internet on mobile includes for emails, downloading and uploading, social networking sites etc. Academic use of internet access is at lower priority of students.

## **Scope for further research**

From research undertaken here it is found that students access internet on mobile phones more for non-academic purpose. One can undertake research to study this in details. If we go one step ahead social networking is one of the growing application of mobile internet, one can even go for study of social networking sites' access on mobile phones by students.

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## **“TRENDS IN BANKING SERVICES”**

*(Paradigm shift from traditional banking services to innovative banking services)*

*Prof. S.Abdul Rafi*

*Assistant Professor*

*Vasavi Institute of Management and Computer Sciences, Kadapa.*

### **Introduction**

Banks are the most significant players in the Indian financial market. They are the biggest purveyors of credit, and they also attract most of the savings from the population. Dominated by public sector, the banking industry has so far acted as an efficient partner in the growth and the development of the country. Banks also render many other useful services – like collection of bills, payment of foreign bills, Safe-keeping of jewellery and other valuable items, certifying the credit-worthiness of business, and so on. Banks accept deposits from the general public as well as from the business community. Anyone who saves money for future can deposit his savings in a bank.

Banks also render many other useful services – like collection of bills, payment of foreign bills, Safe-keeping of jewellery and other valuable items, certifying the credit-worthiness of business, and so on. Banks accept deposits from the general public as well as from the business community. Anyone who saves money for future can deposit his savings in a bank. Businessmen have income from sales out of which they have to make payment for expenses. They can keep their earnings from sales safely deposited in banks to meet their expenses from time to time.

**Definition of Bank:** The definition of a bank varies from country to country. Under English common law, a banker is defined as a person who carries on the business of banking, which is specified as:

- Conducting current accounts for his customers
- Paying cheques drawn on him, and
- Collecting cheques for his customers.

### **History of banking in India**

There are three different phases in the history of banking in India.

1) Pre-Nationalization Era. 2) Nationalization Stage.

3) Post Liberalization Era.

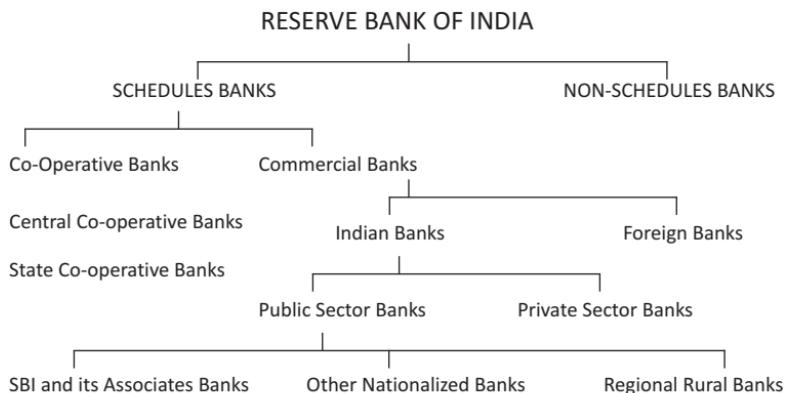
Banking in India originated in the last decades of the 18th century. The first banks were The General Bank of India which started in 1786, and the Bank of Hindustan, both of which are now defunct. The oldest bank in existence in India is the State Bank of India, which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company after many years the Presidency banks acted as quasi-central banks, as did their successors. The three banks merged in 1921 to form the Imperial Bank of India, which, upon India's independence, became the State Bank of India.

### **Structure of Indian banking system**

RESERVE BANK OF INDIA (RBI): The central bank of the country is the Reserve Bank of India (RBI). It was established in April 1935 in order to maintain the entire banking system in the country in order provide better financial services to the customers. The Bank was constituted for the need of following:

- To regulate the issue of banknotes
- To maintain reserves with a view to securing monetary stability and
- To operate the credit and currency system of the country to its advantage.

### **Structure of Indian banking system**



## **Kinds of banks**

Financial requirements in a modern economy are of a diverse nature, distinctive variety and large magnitude. Hence, different types of banks have been instituted to cater to the varying needs of the community. Banks in the organized sector may, however, be classified in to the following major forms:

- a) Commercial banks
- b) Co-operative banks
- c) Specialized banks

**Functions of Reserve Bank of India:** The functions of reserve bank of India are classified into three types. They are

- 1) Administrative Functions
- 2) Supervisory functions
- 3) Promotional functions

### **Administrative Functions**

- Issuer of Currency
- Banker to Government
- Bankers' Bank
- Custodian of Foreign exchange Reserves
- Controller of Credit

### **Supervisory Functions:**

- Obtain License
- Coverage of Bank Operations
- Liquidation of Weak Banks
- Branch Expansion
- Issue Directions On Credit Control
- Training of Bank Personnel
- Restrict Loans And Advances
- Collect and Supply Information
- Spreading Banking habits.

### **Promotional Functions:**

- Established the Bill Market Scheme
- Development of Specialized Financial Institutions
- Promote Regional Rural Banks
- Promote National Housing Bank
- Establishment of Export Import Bank of India
- Promotes Research

## **Types of banks**

Financial requirements in a modern economy are of a diverse nature, distinctive variety and large magnitude. Hence, different types of banks have been instituted to cater to the varying needs of the community. Banks in the organized sector may, however, be classified into the following major forms:

- 1) Commercial banks**
- 2) Co-operative banks**
- 3) Specialized banks**

## **Role of Banks in economic development**

Banks play a positive role in economic development of a country as repositories of community's savings and as purveyors of credit. Indian Banking has aided the economic development during the last fifty years in an effective way. The banking sector has shown a remarkable responsiveness to the needs of planned economy. It has brought about a considerable progress in its efforts at deposit mobilization and has taken a number of measures in the recent past for accelerating the rate of growth of deposits.

The activities of commercial banking have grown in multi-directional ways as well as multidimensional manner. Banks have been playing a catalytic role in area development, backward area development, extended assistance to rural development all along helping agriculture, industry, international trade in a significant manner. In a way, commercial banks have emerged as key financial agencies for rapid economic development.

## **Traditional functions of banks:**

- Credit Creation
- Fulfillment of Socio-economic Objectives.
- Investment of Funds
- Promote the Use of Cheques
- **Acceptance of Deposits**
  - Fixed Deposit Account
  - Current Account
  - Savings Bank Account
- Advancing of Loans
  - Making Ordinary Loans
  - Cash Credit

- Overdraft
- Discounting of Bills of Exchange
- Safe Custody of Valuable Goods
- Issuing of Traveler's Cheques
- Giving Information about its Customers
- Collection of Statistics
- Underwriting of Company Debentures
- Accepting Bills of Exchange on behalf of Customers
- Giving Advice on Financial Matters

### **Modern or innovative functions of banks**

The innovation that has been taken place in the Indian banks in recent years is as follows:

- **Automated Teller Machines:** Automatic Teller Machine is the most popular device in India, which enables the customers to withdraw their money 24 hours a day 7 days a week. It is a device that allows customer who has an ATM card to perform routine banking transactions without interacting with a human teller. In addition to cash withdrawal, ATMs can be used for payment of utility bills, funds transfer between accounts, deposit of cheques and cash into accounts, balance enquiry etc.
- **Debit Cards:** It is an electronic card one can use as convenient payment mechanism. The card is generally issued by the connected through the ATM. Debit cards allow the holder to spend only what is in his account and purchases should be kept track of just like a writing cheque book. A debit card is basically a better way of carrying cash or a cheque book. Debit cards are similar to credit cards, except debit cards pull money out of customers' account. Debit cards do not create or increase a loan like credit cards do. There are two types of debit cards:
  - **Direct Debit Card:** It allows only online transactions. It is also called point-of-sale. It is an immediate electronic transfer of money from customers' bank account to the merchant's (vendors) account. It helps

• **Deferred Debit Card:** It looks similar to a credit card, bearing a visa or master card logo, and used wherever the card's brand name is displayed. This card allows offline transactions, as well as online. The offline purchases resemble a credit card transaction. In this case, 'merchant's terminals' reads the card and creates a debit against the individual's account within two or three days but not immediately.

• **Smart Cards:** These cards are like credit cards, with an implanted computer chip on them. This computer chip will store the sensitive data and processes them. The smart cards are of three types:

- 1) The storage/memory cards,
- 2) Intelligent cards, and
- 3) Hybrid cards.

• **Consumer Credit Cards:** This service is offered by several banks in India like Central Bank of India, Andhra Bank, Canara Bank, Bank of Baroda, Vijaya Bank, Syndicate Bank, United Bank of India, ANZ Grindlays Bank, State Bank of India, Citibank, etc. A holder of the credit card can use this card in place of money for purchases made/services received in the designated establishments like departmental stores, shops, hotels/restaurants/domestic airlines throughout the country. A credit cardholder need not to carry cash wherever he is moving around, and this plastic money can be used in place of paper money. Entrance fee, annual fee, eligibility, service charges, and the list of establishment which accept these cards vary from bank to bank. Some variations of the credit card, like gold card/silver card (of Canara Bank), are also available with which instant finance up to a certain limit as specified by the bank can be availed from any of the branches of the bank in the country.

• **Farm Credit Cards:** It is a novel credit card system introduced by Dena Bank which was later made available by several banks. An agricultural credit cardholder is entitled to draw instant credit facility for seasonal agricultural operations and allied activities without undergoing the procedural paraphernalia.

• **Metro-Banking:** The service is offered by Hongkong Bank, under which a customer can operate his account from any of its seven branches in the city of Bombay even though the account is with one branch.

- **PC Banking:** Pushed by growing consumer demand and the fear of losing market share, banks are investing heavily in PC banking technology. Collaborating with hardware, software, telecommunications, and other companies, banks are introducing new ways for consumers to access their account balances, transfer funds, pay bills, and buy goods and services without using cash, mailing a cheque, or leaving home, PC banking represents a new distribution channel; it also represents an area for significant banking innovation.
- **Virtual Banking:** Virtual banking denotes the provision of banking and related services through extensive use of IT without direct recourse to the bank by the customer. The origin of virtual banking in the develop4 countries can be traced back to the seventies with the installation of ATMs. The principal types of virtual banking services are ATMs, shared ATM networks, EFT at point of sale, smart cards, store-value cards, phone banking, internet and intranet banking.
- **Retail Banking:** The introduction of retail banking is one of the most important innovation introduced by banking in India: Retail Banking includes:
  - Deposits
  - Loans, Cash Credit and Overdraft
  - Negotiating for Loans and advances
  - Remittances
  - Book-Keeping (maintaining all accounting records)
  - Receiving all kinds of bonds valuable for safe keeping
- **Tele Banking:** Tele Banking facilitates the customer to do entire non-cash related banking on telephone. Under this devise Automatic Voice Recorder is used for simpler queries and transactions. For complicated queries and transactions, manned phone terminals are used.
- **Mobile Banking:** A new revolution in the realm of e-banking is the emergence of mobile banking. On-line banking is now moving to the mobile world, giving everybody with a mobile phone access to real-time banking services, regardless of their location. But there is much more to mobile banking from just on-line banking. It provides a new way to pick up information and interact with the banks to carry out the relevant banking business. The potential of mobile banking is limitless and is

expected to be a big success. Booking and paying for travel and even tickets is also expected to be a growth area.

- **Internet Banking:** Internet banking involves use of internet for delivery of banking products and services. With internet banking is now no longer confined to the branches where one has to approach the branch in person, to withdraw cash or deposits a cheque or requests a statement of accounts. In internet banking, any inquiry or transaction is processed online without any reference to the branch (anywhere banking) at any time. The Internet banking now is more of a normal rather than an exception due to the fact that it is the cheapest way of providing banking services. ICICI bank was the first one to offer Internet Banking in India.
- **Cyber Banking:** It refers to banking through online services. Banks with web site “Cyber” branches allowed customers to check balances, pay bills, transfer funds, and apply for loans on the Internet.
- **Investor's Club:** It is introduced by the Vysya Bank Limited. Investor club is an exclusive club to help the client to manage their investment portfolios. This club, apart from buying, selling, transferring, and registering shares on behalf of its depositors also collects dividend and interest from them and credits it to their personal accounts. Investors would also be supplied with a comprehensive weekly bulletin on the Indian share market of no extra cost. Under this scheme, the bank will even consider offering finance for investing in scripts.
- **India STAAR:** Introduced by the Citibank, to ensure speedier settlement of clients' transactions and greater protection against frauds, India STAAR is a system to automate account reconciliation which was developed to improve inter-branch reconciliation, and substantially cut-down the transit time for settlement. In addition to these, a variety of ancillary services are extended by banks, like safe deposit vaults, payment of monthly bills of electricity, children school fees, etc. Some special service was also developed for non-resident Indian like buying and selling of stock shares and bonds, obtain RBI approval for NRIs to purchase stocks and shares, place fixed deposits with corporate entities, collect rights/bonus shares, interest and dividend warrants, keep valuable documents/papers in safe custody, instant computerized balance inquiry, statements of accounts/computerized advice of third party credits/debits, teller

services, personalized cheque books etc.

### **Some of the more services are**

- Platform AutomationE-Cheques
- Electronic Funds Transfer (EFT)MICR(Magnetic ink character recognition)
- Trade financeTreasury Operations

### **Conclusion**

The banking scenario has changed drastically. The changes which have taken place in the last ten years are more than the changes took place in last fifty years because of the institutionalization, liberalization, globalization and automation in the banking industry. Indian banking system has several outstanding achievements to its credit, the most striking of which is its reach. Indian banks are now spread out into the remote corners of our country. In terms of the number of branches, India's banking system is one of the largest in the world. Today banking sector is marked by high customer expectations and providing different types of innovative services and products.

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## **"Impact of quality of work life on the performance of executives – a study"**

*Prof. B.Madhura  
Assistant Professor  
RBVR College for Women*

### **Abstract**

This study quantifies the effects of quality of work life on the performance of Executives. It aims to gain an insight into current working life policies and practices, as well as work-life balance issues of Executives. Several notable factors that influence quality of work life is Adequate and Fair Compensation; Safe and Healthy Working Conditions; Opportunity to Use and Develop Human Capabilities; Opportunity for Career Growth etc. QWL provides for the balanced relationship among work, non- work and family aspects of life. In other words, family life and social life should not be strained by working hours including overtime work, work during inconvenient hours, business travel, transfers, vacations, etc. This report is formulated after a thorough research and is based on the information given by the company personal and through questionnaire filled by the Executives. In due course of our project we have visited the company and interacted with the people concerned. The main objective of the research is to study the impact of quality of work life on the performance of Executives.

### **Introduction**

Globalization has lowered National boundaries, creating a knowledge based economy that spans and spans the world. The new global workplace demands certain prerequisites such as higher order of Thinking skills like Abstraction System Thinking, Experimental inquiry, Problem solving and Team work. Major companies are tirelessly implementing participative ventures involving workers managed by so called fictional proprietors in human resources development. deliberated upon. QWL is considered as a catalyst in improving the performance of the employee through personal development and promoting greater job satisfaction. there is a need to give more focus on human resources, Thanks to the revolution in advanced technology, the imperative need to look into Quality of work life (QWL) proposed by Richard Walton, presently where employees have to be motivated, engaged and interested more or less to like their work which includes all the components of quality of work life in a new perspective is felt and

deliberated upon.QWL is considered as a catalyst in improving the performance of the employee through personal development and promoting greater job satisfaction. There is a need to give more focus on human resources, which represent on average 64% of the economic resources, the balance being 20% as part of natural resources and only 16% as capital resources as per the study conducted by World Bank.

Quality of work life (QWL) and the relevance of organization role either in the form of implementing policies or otherwise should be studied in a bigger way. In the light of changing expectations of employees as well as organizations and the diverse nature of issues involved in the organization climate and culture., the ultimate objective is to make the concept of Quality of work life (QWL) a significant viable entity in the globalize environment.

### **Objectives**

After the exploration of the literature on the Quality of work life (QWL) the relevant research works in the field of Quality of work life (QWL) and the careful observation of variables taken in questionnaire of the current study it is decided to have the following objectives for the exploration in the present research.

1. To identify the dimensional matrix this can enhance the Quality of work life (QWL) in the organization.
2. To identify the association between the levels of responsibility of executives and prevailing quality in the organization.
3. To explore the possibilities of creation and good compensation packages for the enhancement of the current level of quality of work life.
4. To identify and linkage the appropriate motivational techniques for raising quality of work life (QWL) in the organization.
5. To what extent the cohesiveness of teams is positively associated with the enhancing levels of quality of work life (QWL) in the organization.
6. To have a better understanding of the changes in the components of Quality of work life (QWL)

7. To take proactive steps in integrating relevant human resources strategies, policies, procedures, appropriate motivation and coping strategies to improve the Quality of work life (QWL)

The objective of the current study is to touch upon various dimensions and other new dimensions of Quality of work life (QWL) and portray a broad and integrated scenario of the Quality of work life (QWL) as reflected by the past performance and based upon the perception of employees involved in the organization either directly or indirectly the intention of the study is therefore to draw the attention of institutions and research bodies.

### **Hypothesis to be tested**

The Quality of work life (QWL) is theoretically assumed to be function of its determinants; the determinants of Quality of work life (QWL) in the present study have been categorized as four dimensions / components / factors like responsibility, good compensation, motivation and team work. Respectively, the theoretical establishments of linkage between these four dimensions and Quality of work life (QWL) have been thoroughly explained and ascertained on the basis of previous research work in this area.

The objectives have been framed in consonance with the functional relationship of quality of work life with its four determinants. The culmination of the purpose of the study, objectives of the study and the research design is necessitated for framing the suitable and appropriate sets of hypotheses in the present study. After the thorough exploration it is decided to have four sets of hypotheses namely:

Hypotheses on Responsibility

Hypotheses on Good compensation

Hypotheses on Motivation

Hypotheses on Team work

Based on the above academic explorations of the present research sample it is decided to create four sets of hypotheses for the current study.

H0: There is no significance difference between the mean scores of Responsibility and the mean scores of Quality of work life (QWL)

H1: The mean scores of responsibility are positively related with the mean scores of quality of work life (QWL)

H0: There is no significance difference between the mean scores of good compensation and the mean scores of Quality of work life (QWL).

H2: The mean scores of good compensation have been positively associated with the better levels of Quality of work life (QWL).

H0: There is no significance difference between the mean scores of motivation and the mean scores of Quality of work life (QWL).

H3: The mean scores of motivation and the mean scores of Quality of work life (QWL) have been positively related to one another.

H0: There is no significance difference between the mean scores of teamwork and the mean scores of Quality of work life (QWL).

H4: Mean scores of positive team work positively associated with better levels of Quality of work life (QWL).

### **Research methodology**

Based on the exploration of research literature and the preceding research work in the field of Quality of work life (QWL), various measuring instruments have been assessed and analyzed for the measurement of Quality of work life. The questionnaire matrix specifying four dimensions namely, Responsibility, Good compensation, Motivation and Team work respectively.

20 variables have been taken for designing the Questionnaire / measuring instrument for the measurement of Quality of work life (QWL). Which includes identification and contribution towards goals and objectives towards the company creativity in executing tasks pertaining to team work, worker welfare, management drive towards facilitating the executives work job effectiveness, employee suggestions, trade unionism, procedures, cooperation and teams, better facilities in the company, safe working conditions, job satisfaction, employers fairness, doubts clarification by the superior, opportunity of growth, conducive environment, Mission of the organization, purpose of the assessment, responsibility, good compensation, motivation, team work and overall contribution to the Quality of work life (QWL).

These 20 variables have been categorized as four dimensions /components / factors of Quality of work life (QWL) namely Responsibility, Good compensation, Motivation, Team work.

### **ASSUMPTIONS**

1)Quality of work life (QWL) is theoretical assumed to be a dependent variable and four independent variables (Responsibility, Good compensation, Motivation, Team work).

### **SAMPLE DESIGN**

The sample design is developed on the basis of Stratified Random Sample Design with properties across the three managerial levels, top, middle and junior level and in three areas Vis Finance, Marketing, Human Resource as shown in Table -1.

SAMPLE DESIGN Table - 1

	<b>Finance</b>	<b>Marketing</b>	<b>Human Resource</b>	<b>No-of Respondents</b>
Top Level	25	25	25	15
Middle Level	30	15	15	30
Junior Level	10	25	25	25
Total	65	65	65	65

The valid questionnaire consists of fifty (50) questions have been verified and statistically analyzed with the help of descriptive statistics frequency tables, percentages(%), classification, “t” test and multiple regression analysis.

### **RESEARCH DESIGN**

The present research study is involving several variables a causal design is being adopted for evaluating the impact of Quality of work life on the four dimensions of executive performance namely, responsibility, good compensation, motivation, team work. The preceding research work in this area signifies a functional relationship between Quality of work life and executive performance at various levels of influencing factors.

The growing responsibility in organization normally associated with a better Quality of work life subjected to the factors of influence. However in some organization executives may be feeling more comfortable with good Quality of work life at lesser responsibility levels,

this is not falling under the scientific ambit of research corollary. Good compensation and good Quality of work life are assumed to followed the normal distribution statistically which means lower the compensation, lower the levels of Quality of work life, higher the compensation better the levels of Quality of work life. however among the top notch executives, with heavy pay scales or found to be having lesser Quality of work life due to various limiting factors at that level of working.

Team work and Quality of work life have been found to be positively correlated more the levels of team cohesiveness, better the levels of Quality of work life, lower the levels of team cohesiveness and lower the levels of Quality of work life.

Motivation and quality of work life have been found to be positively correlated higher the levels of motivation and better the levels of Quality of work life, lower the levels of motivation and lower the levels of Quality of work life.

## **DATA ANALYSIS**

The testing of four sets of hypotheses by the application of a parametric Statistical tool namely “t” test and Multiple Regression Analysis is discussed for the acceptance and rejection of the Hypotheses. The “t” test statistics as shown in the Table - 2 is applied on 4 dimensions (Responsibility, Good compensation, Motivation, Team work).

“t” Test Statistics Table - 2

SAMPLE SIZE	DEGREE OF FREEDOM	SIGNIFICANCE VALUE	TABLE VALUE
N=50	49	0.05	2.014

Multiple Regression Analysis Coefficients Table – 3

Mode	Unstandardized Coefficients Beta	Unstandardized Coefficients Standard Error	Standardized Coefficients Beta	t	Sig
Constant	1.146	2.792		.410	.683
Responsibility	1.192	.085	.435	13.943	.683
Good Compensation	1.056	.097	.320	10.883	.000
Motivation	.995	.066	.455	15.113	.000

Team work	.995	.066	.455	15.113	.000
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The multiple regressions Analysis as shown in the Table – 3 in applied on four dimensions namely (Responsibility, Good compensation, Motivation, Team work) as independent variable of the Quality of work life (QWL) and Quality of work life (QWL) as dependent variable which is applicable for all the four Hypotheses of the present study.

### **Findings and suggestions**

1. The proving of responsibility hypothesis states that the Quality of work life is enhanced by the variables of Goals, Objectives, Tasks, procedures, Mission and the performance.
2. Responsibility factor includes a variable like mission of the organization makes the executives feel confident in their endeavor towards the goal fulfillment.
3. The provision of good compensation packages as been motivated the executives to perform at their satisfaction level.
4. Motivation is like a driving and facilitating force provided by the management is also a variable enabling the executives to achieve their Goals as well as the Organization.
5. Team work hypothesis states that the Quality of work life is enhanced by the variables of Management encouragement and support, satisfactory level of executives, working collectively, team spirit coordination and cooperation and overall performance.
6. Based on the descriptive statistics pertaining to the variable of employee's suggestions it is suggested that, the 60% of the respondents have been disappointed in respect of asking suggestions to the management and have inclined towards disagreement with the management in respect of the consideration of employees which indicates the deterioration of understanding cooperation between employee and employers. Hence it is advised the necessary initiatives for the consideration of employee suggestions in order to create car dial environment at the work place.

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## **"IT in business: e-commerce"**

*Prof. Hemant Babulkar*

*Dr. Panjabrao Deshmukh Institute of Management Technology & Research,*

*Dept. Of Dhanwate National College, Nagpur*

*Prof. Tushar Tale*

*Dr. Panjabrao Deshmukh Institute of Management Technology & Research,*

*Dept. Of Dhanwate National College, Nagpur*

### **Electronic commerce:**

Electronic commerce is the most recent step in the evolution of business transactions. It replaces the swapping of money for goods or bartering (the swapping of goods for goods) with the exchange of information from computer to computer.

Electronic commerce or e-commerce as it is otherwise known is a very broad terminology. E-commerce enables organisations of all sizes and in all market sectors to improve their competitiveness. It cuts across geographical boundaries and time zones to save time and costs, to open up new market opportunities and enable even the smallest of companies to compete globally. E-commerce spans established processes such as bar code scanning and electronic data interchange (EDI), as well as newer arrivals, electronic mail, the Internet, the World Wide Web and mobile electronic commerce.

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India's E-commerce market is growing at an average rate of 70% annually and has grown over 500% since 2007. More than 50% of the business activities including selling & promotions are done with the help of modern internet technology. Manufacturing & Retailing business now totally depends upon the technology, maximum human activities performed by well developed system designed by the entire business entrepreneur according to their need.

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geographical boundaries and time zones to save time and costs, to open up new market opportunities and enable even the smallest of companies to compete globally. E-commerce spans established processes such as bar code scanning and electronic data interchange (EDI), as well as newer arrivals, electronic mail, the Internet, the World Wide Web and mobile electronic commerce.

E-commerce is attractive because it reduces the cost of doing business. Sending a few bytes of data over a network is cheaper, faster and more convenient than sending a messenger or even making a phone call. E-commerce covers any form of business or administrative transactions or information exchange that is executed using any information and communications technology (ICT).

The Internet is fast becoming the method of choice for transacting business all over the globe. The Internet can be used to profile prospects, qualify leads and deliver proposals before a sales rep and a corporate prospect actually meet. Business to business sales productivity can be significantly improved over the Internet, enabling the sales reps to focus their efforts on personalized customer relationships. In addition feedback from web sites, on-line surveys and e-mail can be an important source of leads and market data. A smaller company can use the Internet much to its advantage, to reach and serve business customers nationally or internationally without having to relocate or expand geographically. They can also use the Internet to solidify their ties with customers and business partners through the efficient and rapid interchange of mutually important business data. Savings from World Wide Web transactions are passed on to the company's customers, enabling the company to be more competitive in a price-conscious market.

The Internet needs no introduction, but its use as a business medium is still in its early stages. Analysts all agree that the next few years will see an explosion in e-commerce fuelled in large by the Internet. It provides a medium that is as easily useable by individuals as by organisations in both the public and private sectors, thus providing instant access to products and services worldwide. Companies that do not yet have an effort for e-commerce business to business trading in the works will likely feel increasing pressure to get one underway, either from customers, suppliers or more Net-commerce-enabled competitors as they would not want to fall behind in their market.

## **Working of e-commerce**

The consumer moves through the internet to the merchant's web site. From there, he decides that he wants to purchase something, so he is moved to the online transaction server, where all of the information he gives is encrypted. Once he has placed his order, the information moves through a private gateway to a Processing Network, where the issuing and acquiring banks complete or deny the transaction. This generally takes place in no more than 5-7seconds

There are many different payment systems available to accommodate the varied processing needs of merchants, from those who have a few orders a day to those who process thousands of transactions daily. With the addition of Secure Layer Technology, E-COMMERCE is also a very safe way to complete transactions

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## **Development of business technology**

Finally, in order to make the online shopping experience even better, there are a lot of new technologies like Verifi, DigiScent's iSmell and TouchSense that have emerged over the last couple of years. Even though iSmell and TouchSense are very new technologies and they haven't been adopted by the majority of internet shoppers yet, they promise a consumer-friendly future. Verifi is one technology that has been widely adopted today, and for good reason. According to a recent BizRate study, over 50% of online shoppers stated that they would not make further purchases from a Web merchant that delivered an item in a colour that wasn't what they expected. This is the problem that Imation have designed their Verifi system to solve. Here's how it works. When a shopper visits a Verifi-enabled Web site for the first time they are invited to take a Web based survey that establishes how their monitor, computer, operating system and browser handle color. This information is then stored as a cookie in the shopper's browser. Then, when they view a product image, the Verifi system reads the information in the cookie and combines this with the profile of the scanner (or digital camera etc.) that the merchant used to produce the image to generate a color-accurate image in the shopper's browser.

## **The reality of E-Commerce with developing Countries**

The report is about the potential offered by internet based business-to-business (B2B) e-commerce for improving access to global markets for firms in developing countries .It addresses the following questions:

- Is B2B e-commerce opening new and cheaper access to global markets for developing country producer firms or, conversely, is it strengthening existing buyer-producer relationship and existing power relations?
- Are developing country producers being marginalized by the spread of B2B e-commerce trading relationships that depend on sophisticated information and communication technologies (ICT's) and on efficient logistics systems, electronic payment systems and new certification procedures?

## **Customer centric business**

A customer centric business puts its **valuable customers** at the core of its strategy and day-to-day operations. Every action is first evaluated by its impact on its customers. Now a day building a e-brand is very important. Core customer of e-trade is very higher qualified and very choosy, customer aware market environment and competitors. Business strategy must be focus to customer.

**Valuable customer** is an important term. It describes the most profitable customers, rather than the largest number of customers. Target customers for Premium businesses are very selective, focusing to all the target market's common people, it is very easy to target and communicate the selected customer base with the making customer centric policy. Many companies make the mistake of trying to grow their customer base regardless of value. This Generates costs with little returns and has a negative impact on satisfaction. The end result is a decline in profitability and damage to the brand. Customer focus is the key to success.

## **Benefits**

- A Selected & profitable customer base.
- Clear understanding of how to grow your business and profits, based on a deep knowledge of your customers.
- An ability to respond quickly to your customer needs and changes in your business environment
- A faster, more efficient organization, as everyone beats to the same drum
- Better protection in downturns, due to more loyal customers

## How does it look like?

### **Key attributes:**

**They know their customers:** they understand their value, needs and they listen to them

**Customer centric business strategy:** the business is built around their core customers

**Customer culture:** employees live and breathe their customers

Customer metrics: the business tracks its customers as part of key business

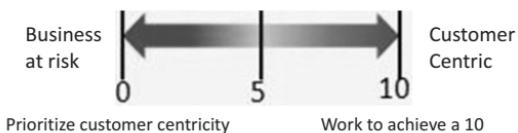
performance tracking Good examples of customer centric businesses are companies such as, Apple, Amazon, Tele-brand, Backings and Hotel & Tourism. All are very focused on their customers and have done an excellent job at achieving success based on this approach.



### Checklist?

Take a look at the criteria below for a customer centric business and score yes or know for each question.

1. Do you have a clear idea of who your customers are and what are their needs?
2. Do you know which of your customers are most valuable to you?
3. Does your business strategy / mission mention anything about your customers?
4. Do you hire / develop your staff with your customers in mind?
5. Do you have a process by which customers and employees can give feedback and review / act on this within your business?
6. Do you have a customer complaints process which enables quick resolution of customer problems?
7. Are all your employees empowered to deal with customer complaints?
8. Do you know how satisfied or loyal your customers actually are?
9. Do you provide specific services or incentives for your most valued / loyal customers?
10. Do you deliver what you promise in your advertising / marketing to your customers?



## **Build a customer centric business culture**

- Set up a process with your staff to review customer feedback and customer satisfaction data regularly
- Run workshops with your staff, focussing on how best to service your customers
- Set customer centric objectives for all staff
- Set up a process to deal with customer complaints
- Create incentives for staff who excel in customer service
- Make sure you hire and develop your staff with a view to customer centricity

## **New business reforms**

Every decade gives the new look of business culture; E-business is the innovation of technology and its implementation in businesses. At the time of implementation of technology in business was taken consideration for only big businesses and long distance networking business activities, it was very difficult to contact and connect with the customer but after that customer access technology invented. Business reforms activities are as follows.

### **1. Business to Business (B2B):**

The really big business on the Internet and the World Wide Web isn't books and CDs but ball bearings, electronic components and other materials that businesses buy, sell and distribute to each other. Although this type of business to business trading may be new and attracting plenty of media and public attention, business to business has been trading by electronic means for nearly twenty-five years. The most famous method of business to business trading has to be the electronic data interchange (EDI) established for exchanging business information between companies that regularly did business with each other.

### **2. Business to Customer (B2C):**

Whether you are planning a small custom-built ecommerce web site for a home-based business or a large, scalable retail enterprise system you need to realize an ecommerce environment that creates efficiencies and cost reductions for users and your own organization.

A true cost effective business-to-consumer ecommerce environment requires an end-to-end solution that is flexible for both customers and the business rules driving the content and commerce. This means that

customers must have web access to product information and availability, order status and history and account information. Site operators must have full control over product content, product management, inventory, order fulfillment, shipping and sales information.

Communications-based direct selling dates back more than 100 years. The purpose of direct selling is to create direct communication between manufacturers and consumers so as to cut the middleman out and lower price. Manufacturers directly send product information to consumers through mediums such as telephone, television, and catalogues. Consumers directly place orders with manufacturers through phone, fax or mail order. The manufacturer sends the goods to consumers in the most cost-effective and reliable way.

### **3. Customer to Business (C2B),**

Sometimes known as Consumer to Business, is the most recent E-Commerce business model. In this model, individual customers offer to sell products and services to companies who are prepared to purchase them. This business model is the opposite of the traditional B2C model.

C2B has come about as a result of two major changes. Unlike traditional media, which are unidirectional, the Internet is **bidirectional**, making this type of relationship possible. In addition, the decline in the cost of technology means that individuals now have access to **technologies** such as powerful computer systems, audio and video capture systems and other digital technologies that were once the exclusive province of large companies.

**Elance** was one of the first web sites to offer this type of transactions. It allows sellers to advertise their skills and prospective buyers to advertise projects. Similar sites such as Peopleperhour and Guru work on the same basis.

### **4. Customer to Customer (C2C):**

C2C is newly invented and customer centric format; with this way of business pre-own and post-own customers come together for selling or purchases of desire products. Customer to customer businesses provides individuals with a place to converse, exchange and interact with other people. This platform help to customer directly sell his/her product to other customer at their own set term & condition.

Many C2C businesses have online operations. Online auctions and

classifieds such as Ebay and Quikr are examples of very successful customer to customer business models. These sites don't look to directly sell goods to their members, instead the customers are exchanging with other customers.

## **Conclusion**

After detailed analyzing and studying of the inventions and implementation of technology in businesses, it gives new look of business as an e-commerce; e-commerce is a solution to an existing businesses for their further development and to face cut-through competition, it is clear that an e-commerce solution will benefit the business in every aspect. The Web plays an expanding role just as it does in a consumer e-commerce. Business to business activity is still demanded at large and we believe will remain the main area of electronic commerce activity. This covers everything from established communications between retailers and their suppliers, the electronic banking payment systems through to the new Internet based catalogue systems. In the future scenario, all of us will conduct an ever-increasing number of business transactions on-line. Companies who implement solutions to conduct business on-line will stay competitive and responsive in this evolving market place. The implementation of an e-commerce solution will generate a brand new revenue stream, expand the market exposure, and decrease the operation cost. C2C also give new platform to the customers for setting their own terms & conditions, while they decide to sell or purchase the products.

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# **"A Descriptive Study on Managing Workplace Diversity"**

*Prof. Sunil B. Lalchandani*

*Head, Department of Management Studies*

*Smt. Chandibai Himathmal Mansukhani College*

## **Abstract**

People management has observed a paradigm shift with the advent of globalisation. Diversity at workplace is one of the major characteristics of the contemporary organizations in the globalised economies. People coming from diversified backgrounds, values, beliefs, cultures craft the workplace diversity. Managing workplace diversity focuses on integration rather than individualism as a basic tool for greater cohesiveness and goal achievement. The concept of diversity management is one of the challenges for the people management in the present era where organizations are managed across the borders. If effectively managed, diversity issues can create wonders. Records confirm that effective diversity management can positively affect the productivity of workplace. Thus, to harmonize with the benefits of internationalization, people management needs to contemplate the diversity issues at workplace in an effectual manner.

This paper on "A Descriptive Study on Managing Workplace Diversity" is an attempt to comprehend the relevancy of the concept in managing the present-day businesses. The paper also endeavours to chalk out a model plan and recommend the tools for effective diversity management through the observation and experience of author.

## **Objectives**

- To comprehend the concept of managing workplace diversity
- To recognize the need for managing workplace diversity
- To list the benefits and challenges of workplace diversity
- To recommend the effective program and suggest tools for effective diversity management

## **Introduction**

With the internationalization of businesses, organizations across the globe have witnessed a radical change in the change in the management affairs and operations. The work patterns have also observed a paradigm shift. With offices located across the global regions, employees interact either personally or very often through virtual networks. This makes the workplace to observe new

characteristics within the workforce coming from varied cultures and backgrounds which crafts the diversity at workplace. According to Esty, Katharine, Richard Griffin, and Marcie Schorr-Hirsh (1995), "Diversity is generally defined as acknowledging, understanding, accepting, valuing, and celebrating differences among people with respect to age, class, ethnicity, gender, physical and mental ability, race, sexual orientation, spiritual practice, and public assistance status". According to Thomas (1992), dimensions of workplace diversity include, but are not limited to: age, ethnicity, ancestry, gender, physical abilities/qualities, race, sexual orientation, educational background, geographic location, income, marital status, military experience, religious beliefs, parental status, and work experience.

Summing up the above two definitions it could be understood that notion of workplace diversity encompasses culture, values, beliefs, gender, race, religion and cognitive ability of the workforce. Diversity, furthermore may consider education, experience, socio-economic background, personality traits. Workplace diversity management is associated with comprehending the worth of these discrete characteristics among the workforce and coping up with them for a synergistic affect, benefiting both workplace and workforce. This creates a virtuous environment which again reinforces the over all productivity.

Managing workplace diversity has become a significant issue for organizations to deal with. The growing assortment requires the organizations to effectively deal with the diversity issues for organizational success. However if not managed properly, these diversity issues may warn the level of morale among the employees and the groups loose their cohesiveness. In a study conducted by Accenture on cross-cultural communication problems last year, it was found that the chief factors causing problems between onshore and offshore workers were different communication styles (76 per cent of the times), different approaches to completing talks (53 per cent), different attitudes toward conflict (44 per cent) and different decision-making styles (44 per cent). To resolve such issues, companies have to necessarily take diversity more seriously and diversity challenges need to be pondered at the earliest.

Considering these aspects of workplace diversity, contemporary global organizations are in a better position to understand the importance of the same and thus are willing to spend extensively for making the sense

out of it. Organizations are articulating their people management policies in a strategic way that assimilate these differences and enables the organization to successfully derive the benefits out of them. These policies in turn facilitate employees to adopt with novel ideas, new perspective, and innovative approach and practice in their work.

Many companies focus on equal employment opportunities and consider this concept to address the issues of diversity. Several other companies look at diversity from a very narrow perspective. They focus on helping disadvantaged groups, essentially with the objective of being politically correct. However managing workplace diversity is much more than this which capitalizes these diversity issues. Thus diversity and business prosperity can be linked together.

### **Need for managing workplace diversity**

Employees of an organisation are becoming increasingly assorted. Today's young force in India includes a major woman workforce and the workforce mobility is on an increase. They are becoming more and more aware and attracted towards international expatriation and thereby becoming more and more heterogeneous. This Heterogeneity can create differences in opinions, values and perspective. However, if this diversity is embedded, it can result into maximum productivity and it will also foster supportive culture.

The expectation of the work force is also changing. They no longer believe to be bound up with traditional ethos and business practices but they look forward towards the world with varied opportunities which can surely be grabbed by nurturing diverse talents and innovative work practices and bringing the performance of employees to ceiling. Encouraging diversity at work place ensures 'inclusivity' which in turn helps the employees to be more aware about the needs and expectations of the customers who come from varied spectrum of the society and helps the employees to serve them in a more informed and sensitive manner. There is also a need to adopt diversity in work places because it will enable to recognize the value of individual differences and harness them as strengths for the well being of the organisation that give competitive strength to a company.

Keeping in mind the changing economic scenario, there is a great need to imbibe gender diversity at work place to empower the disadvantaged sections of the society specially "women". Work place diversity promotes gender sensitive work environment. It is essential as it

provides avenues for personal, vocational and psychological counsel to enable professional and personal development. It acts as a core element in leadership and leadership development reinforced through feedback and assessment.

Diversity in workplace fosters a positive environment conducive to individual contribution and excellence. Organisation is making diversity one of its strengths and establishes an environment where all employees feel esteemed. Histories of the successful organisation reflect inculcation of diversity as an embedded principle of the management systems so in order to survive and compete in the global run and so embedding diversity at the workplaces is the essence.

Diversity in the workplace unleashes creativity and the power of innovation. It fosters an attitude of openness in an organisation. Thus to innovate work force practices, diversity has to be adopted. It is the need of an hour as with the increase in competition, locally or globally, organisation must become more adaptable, resilient, agile and customer focussed to succeed.

## **Research**

The research study aimed at understanding:

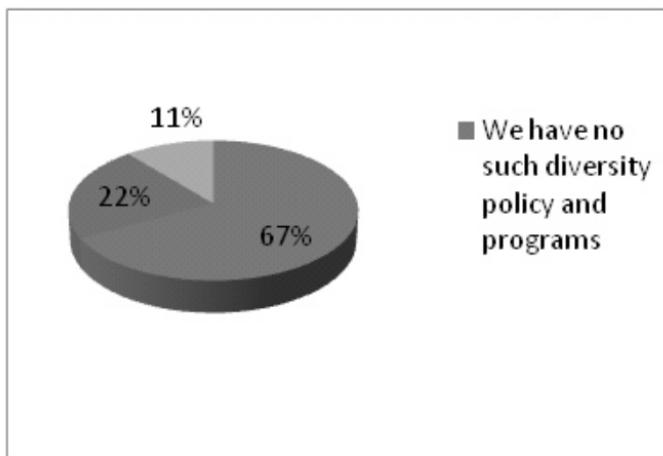
- Status of Workplace Diversity Programs in Indian Companies
- Benefits of Workplace Diversity Programs and
- Challenges in managing the workplace diversity and implementation of such policies

For this study, a survey was undertaken. Questionnaire was sent to 150 companies in and across the Mumbai. These 150 companies are generally mid-sized or large scale companies engaged in manufacturing or service sector. Of the 150 companies, the filled in questionnaire was received back from 72 companies and that becomes the sample size for the survey. The survey findings are as follows:

### **• Status of Workplace Diversity Programs in Indian Companies**

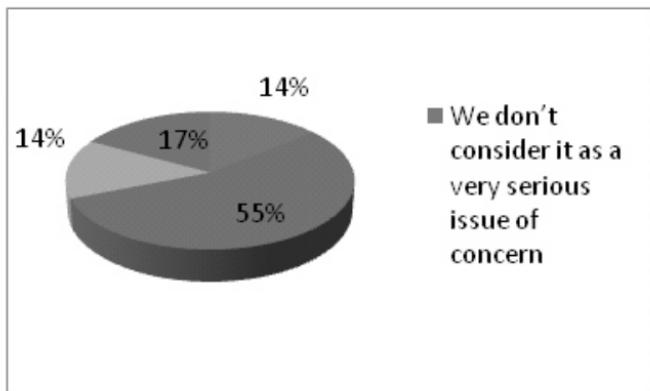
Diversity management programs are quite new in the Indian environment. This could be understood from the figure 3.1 depicting respondents' remarks on status of diversity policies and programs in their state of affairs. Of the 72 respondents, only 11% responded that they have strong diversity program(s) in their companies. Other 22% responded that diversity programs have been newly implemented in

the companies. However, 67% respondents agreed that they don't have any diversity program.

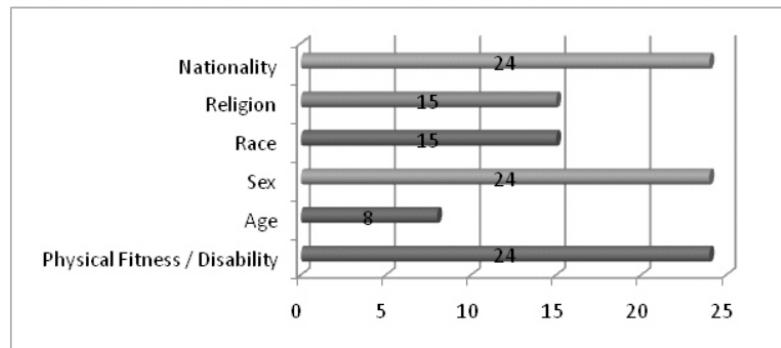


Respondents were asked to select the most applicable reason for not having the diversity programs in their organizations. Following results were obtained:

14% respondents answered that considering diversity policy is not a serious issue for them. 40 respondents, constituting 55% of the total respondents stated that their companies are concerned with the diversity issues but they have no much awareness about it. This again indicates that diversity issues management is quite newer. 14% of respondents agreed that they have financial impediments in way of implementing the diversity programs in their companies and remaining 17% feel that they have no experience over this issue of diversity.

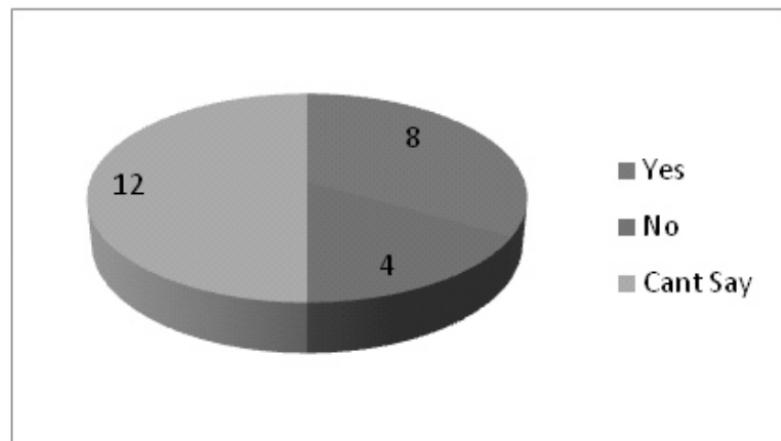


As stated earlier, research also aimed at studying the diversity issues that are being focused upon by the companies in the present period of time. Of the 72 companies surveyed, only 24 respondents positively answered towards the consideration of diversity issues in their companies. Of these 24 respondents, 8 responded that they considered all the listed issues under the scope of their diversity programs. Another 9 responded towards the above list excluding Age and Religion and remaining 7 responded the list without the factor 'Age'. Thus very common diversity issues include Disability, Sex and Nationality.



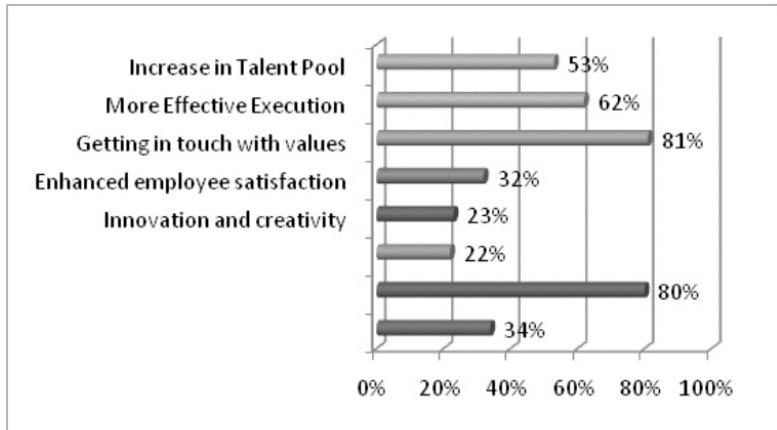
#### • Benefits of Workplace Diversity Program

Diversity management offers several benefits. The survey endeavoured at studying the positive impact of these benefits to the companies which have started implementing or have implemented the diversity programs in their companies. Following analysis is made. (See Fig. 3.4)



Of the 24 companies who have started practicing diversity programs , 8 companies responded that there is a positive impact on their business because of diversity issues considered by them, 12 companies responded that they have no much clear idea about the same and 4 said that yet they have not seen any direct benefit accruing out of addressing diversity issues in practice. Thus it is quite sure from the research that managing diversity issues can create positive impact on companies.

These benefits ultimately enhance the productivity at workplace. Through the experience of those companies who have already initiated the diversity policies or those who are on the way of initiation and based on the perception of those companies who have not yet implemented the diversity issues (after explaining them exactly them the implications of diversity issues) following benefits of diversity management are dealt with in this section (in the preference order of perceived or experienced benefit)



These benefits are explained as follows:

### **Getting in touch with values**

No rectification is ever required to cover the compromises of values. Work place diversity gets in touch with the value shaping his/her thoughts and out look it facilitates complete transparency about value.

### **Enhancement of corporate image & Recognition**

Organisation practising workplace diversity recognises the importance of corporate image and reputation and undertakes a wide range of outward facing activities and initiatives that help raise their external standing in society.

## **More Effective Execution**

A diverse workforce enables the participants to comprehend the things never understood before and take advantage of new opportunities in the workplace. Participants will take personal responsibility for their own actions and be able to go for effective execution of the events.

Increase in talent pool

Work place diversity ensures increase in the talent pool. People will no longer be employed considering just their qualification or academic records. But the selection criteria will be widened with increase in the number of parameters so as to attract people from diversified cultures to make the use of their talent for the organizational efficiency.

## **Exploration of potentialities in untapped areas**

Workplace diversity always understand the new and emerging aspects and enhance market related benefits aim to achieve market segmentation and improved customer satisfaction ample opportunities for expansion of their products & services.

## **Enhanced employee satisfaction**

Work place diversity assists employees in balancing their work family and other carrying responsibilities effectively. The complains & grievances are also brought to reduce employee satisfaction is enhanced as it provides with the work environment that allows everyone to reach their potential.

## **Innovation and creativity**

Work place diversity ensures innovation and creativity in an organisation. They provide innovative and productive initiatives to address social exclusion enhance skills. Development and bridge the gap between employees and diverse communities organisation recognises and promotes the power of diversity to drive innovation.

Creation of favourable environment fostering growth

The process articulates the favourable environment in the organisation this environment awfully required for fostering growth. Organisation development to a greater degree is linked with the growth of people. Thus work place diversity enables organisation to grow dynamically.

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environment awfully required for fostering growth. Organisation development to a greater degree is linked with the growth of people. Thus work place diversity enables organisation to grow dynamically.

### **Challenges in Managing Workplace Diversity Program**

The future success of organisation relies on the ability to manage diverse body of talent. The challenges faced at work place diversity can be converted into a strategic organisational asset if an organisation is able to capitalise this melting pots of diverse talents. In the research respondents were asked to select the major challenges from the list for managing diversity issues at workplace. Results obtained are as follows

These challenges are discussed in detail as follows:

#### **Multi-Culturalism**

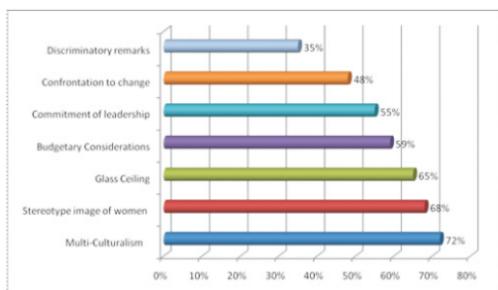
India being a multi-cultural country, it is quite possible to be multi cultural tolerant but to embrace people of diverse cultures at workplace is not quite tranquil.

#### **Stereotype image of women**

Indian history depicts women as a fore runner of house hold responsibilities. Inequalities and atrocities towards women are well depicted in Indian history. To break this stereotype image of Indian women and to allow her to be a part of successful work force is really difficult.

#### **Glass Ceiling**

Even though women are allowed to enter in diverse fields they are still looked upon as weaker sex. They are looked with sympathy, consideration for her physical incapabilities as women. Thus, to adopt diverse culture, this glass ceiling between men and women needs to be broken which is difficult.



### **Budgetary Considerations**

The workplace diversity program cannot be successful unless a pragmatic approach is used while setting the budget for it. Diversion of funds for diversity programs is a major challenge in this case.

### **Commitment of leadership**

The skills form one of the main pillar of any human relation process. It should develop leadership as which enables to look beyond his own issues & understand the perspective of the other.

### **Confrontation to change**

All employees never accept the fact that the social & cultural make-up of the work place is changing. The doing mentality silences new innovations and ideas and inhibits progress.

### **Discriminatory remarks**

As diversity in work place recognises the value of individual's differences and managing them in the work place. Their might arise a quandary in case of discriminatory remarks made by the employees within the organisation or in their peer group due to differences in accents, ethnics or races.

### **Looking forward: recommendations**

This section deals with certain recommendations in two ways. Firstly a procedural framework for management of workplace diversity program is suggested and secondly the tools necessary to steer the diversity issues are dealt upon.

### **Workplace Diversity Program**

A righteous workplace diversity program can act as an effective tool for the management of workplace diversity. It can help to create effective diversity aspects in the organizational working system which enables the organization to acquire the benefits out of the same.

Following steps can be considered in the workplace diversity program:



### **Analysing the Current Scenario**

To develop a workplace diversity program, the first and the foremost thing is to analyse the existing scenario in the organization. This analysis will help to set the objectives for effective diversity program. The analysis includes scanning the HR environment of the organization, comprehending corporate goals and mission and understanding demographic factors of employees. Also determining the challenges to diversity is very much essential. Organizations can make the use of ESS (Employee Satisfaction Survey) to serve the purpose. It can give an idea to what extent and what are the obstacles to diversity at workplace. Understanding the diversity issues and corporate plans, organizations can make it clear which policies need to be revised and considered for efficient diversity management.

### **Defining Objectives**

The second step is to set the rational objectives of the program. Setting of objectives will help in defining a direction for the diversity program. The objectives need to be synchronised with corporate goals and objectives. The objectives shall be enough realistic and attainable too. It's not like you set the objectives in the beginning, far reachable from attainment and shriek and shed tears at the end of the day. One can take the help of consultants in defining the objectives also.

### **Development of Strategies**

Once the objectives are delineated suitably, the roadmap for the

diversity plan is to be designed. This will require strategies to get formulated in a righteous way. Strategies shall be developed considering the organizational needs with regard to diversity management. Strategies shall be formulated, pondering the analysis made in the first stage. Support of top level management is essential. Participation of all employees is expected to set the value added benefits for successful strategy formulation. Techniques like brainstorming, sensitivity analysis, etc. can be used to involve most of the people in development of strategy. Strategies shall also be realistic and measurable. Again, consultation for development of relevant strategy is advisable.

### **Development of Performance Indicators**

Along with the development of strategies, performance indicators need to be developed. Performance indicators will act as benchmark for the whole program. And will help in the evaluation process. Like objectives and strategy, performance indicators also need to be realistic and even simple too. More the performance indicators are simple, more will be the simplicity in evaluation process

### **Communicating and Promoting the Strategy**

Once the strategy is formulated and performance indicators are set, next step is to communicate and promote the strategy to everyone in organization. This will make the people to understand the objectives of the program and to comprehend the benefits of implementing such strategy. Moreover, abounding support of all the employees can be ensured with the same.

### **Implementing the strategy**

For implementing the strategy, the first and the foremost essentiality is commitment of top level management. Once the top level management is committed, commitment from other employees can be easily ensured. Secondly, effective training programs, workshops, and orientation will be required for strategic implementation. Thirdly, meeting the challenges of implementation is another item in the agenda. Warning morale among employees, resistance to change, elevating pressure, etc, can be the part of the challenges. The ways to these challenges need to be clearly set before they actually arise. Ultimately, it should be observed that diversity policies are incorporated into every dimension of organization's policies, plans, and work culture.

## **Evaluating the Program**

Evaluation will ensure the effectiveness of the diversity program. Evaluation will actually seek the raison d'être for a particular upshot. Evaluation can be done with the help of performance indicators. A comparison of actual performance and the standards will give an idea regarding what action need to be taken in future course of time. Evaluation will help to understand whether revision of program or some of its aspects is necessary for effective outcome. Again here, ESS can be used to evaluate the efficacy of the program.

However, the program does not end here. Diversity management is a continuous process. Simply, the implementation of a diversity program does not fulfil organizations' obligations. An ongoing program to maintain the effective diversity with sheer support of top level management is the key to the success of diversity management.

## **Tools for Effective Diversity Management**

Diversity program can face number of obstacles. This could be learnt from the challenges, mentioned above. However, diversity management program can be made much more effectual. Following tools and techniques can be considered in making the program much more magnificent:

### **Support From Top level Management**

The top level Management should be convinced that Workplace Diversity is not limited to the induction of new individual. It should be something that keeps changing on business model, growth opportunities in an organisation.

### **Arrangement of Workshops and seminars**

For all the virtues and good things the last we forget that diversity is related to human beings. Workshops and seminars should be arranged by senior managers to identify promising woman and nurturing their career and to educate them to how to respond to their workplace.

### **Provision of support and Backup**

A support group should be plonked by the employer to provide a nurturing climate for employees who would otherwise feel isolated and this would be done by providing minor facilities and also counselling if needed.

### **Publicising the scheme**

This ensures easier path during running of the scheme. Proper communication which includes speeches by senior executives, publication of diversity brochures and including diversity a topic in employee orientation.

### **Proper Recruitment of Employees**

Expertise and standing adds much to the credibility of employee .For employee Recruitment would weed out all other factors other than skill and merit. This would lead in the fullness of time and balanced workforce.

### **Incentives and Rewards**

As the expectation of the workforce is changing a range of benefits should be provided to the employees .For instance Paternity leave as well adoption leave to the irrespective of the gender.

### **Sharing and enhancing expertise**

With the candidness given to the companies to become a member of diversity exercise many others would be willing to share their expertise to extend good practise more widely particularly in those areas which are difficult to address.

### **Timely Evaluation**

A good way to understand and assess the effectiveness of the scheme is to take it informally. Talk to employees and get them to give a subjective gauge of its utility and Progress thereby giving a fairly rational idea.

### **Conduct of employee's survey**

Being success oriented Organisation should conduct surveys for appraisal of employees attitude and levels of satisfaction as well as to search out for any particular area for further investigation and actions for learning and Development.

### **Awareness among the employees**

The weight of diversity lies in the hands of employees. Companies should develop Diversity policies and practices and point to the lack of non availability of information and wakefulness of Diversity as a challenge.

## **Conclusion**

The global business scenario has made the organizations to recruit the workforce from varied countries with distinct culture, ethnic background, race, religion, education profile, experience and so on. Diversity is one of the major characteristic of today's workforce. Diversity can create obstacles in the growth of the organization if left untouched. However, for an organisation to thrive they need to make diversity their strength by actively fostering and nurturing it. Diversity, if managed effectively, offers competitive advantage to a firm in several ways. It can increase an organization's productivity through several avenues, one of which is increased problem solving ability. Such productivity may result from increase in creativity. Bringing together employees of varied perspectives and skills will not only bring creativity but boost dynamism as well. Organisations that value their employees perform better with fewer tensions when cultural clashes are managed well. A diverse workforce has to be valued, not merely tolerated. And it is in the hands of the people to respect and tolerate everyone they work with. Adopting diversity at workplace should not be considered as principle but should be ingrained as an attitude in the minds of both company and workforce.

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# **"Challenges, Innovations And Developments In Management Of Banking Industry"**

*Prof. Reema Panjwani*

*Smt. Chandibai Himathmal Mansukhani College*

## **Abstract**

The banking industry in India has a huge canvas of history, which covers the traditional banking practices from the time of Britishers to the reforms period, nationalization to privatization of banks and now increasing numbers of foreign banks in India. Therefore, Banking in India has been through a long journey. Banking industry in India has also achieved a new height with the changing times. The use of technology has brought a revolution in the working style of the banks.

Nevertheless, the fundamental aspects of banking i.e. trust and the confidence of the people on the institution remain the same. However, with the changing dynamics of banking business brings new kind of risk exposure and liquidity management.

The paper discusses about the evaluation of banking sector developments in Indian banking industry. Competition among financial intermediaries gradually helped the interest rates to decline. Deregulation added to it. The real interest rate was maintained. The borrowers did not pay high price while depositors had incentives to save.

The paper also focuses on various challenges faced by the banking sector as to role of financial instrumentation in different phases of the business cycle, the emerging compulsions of the new prudential norms and benchmarking the Indian financial system against international standards and best practices. The need for introduction of new technology in the banking and the importance of skill building and intellectual capital formation in the banking industry are also equal important.

Finally the paper deals with innovations in banking industry like adoption of technology, involvement of 3G spectrum services, continuous innovations in product offerings, smart cards and ATMs.

## **Introduction**

Financial System is the most important institutional and functional vehicle for economic transformation of any country. Banking sector is

reckoned as a hub and barometer of the financial system. As a pillar of the economy, this sector plays a predominant role in the economic development of the country. The geographical pervasiveness of the bank coupled with the range and depth of their services make the system an indispensable medium in every day transactions. The virtual monopoly of banks in 'Payment Mechanism' touches the lives of millions of people every day and everywhere. Thus the banking sector has been playing a significant role as growth facilitator.

### **Developments in Indian banking industry**

#### **♦ E-banking**

It enables people to carry out most of their banking transactions using a safe website which is operated by their respective bank.

- Faster transactions
- No need to wait in long queues
- Easy and simple account opening
- Applying for bank loan
- Faster fund transfer
- Core banking
- Core banking solution
- Depositing and lending of money
- Knowing customers needs

#### **♦ Corporate banking**

Financial services to large corporate and MNCs. Provides services like:

- Overdraft facility
- Domestic and international payments
- Funding
- Letters of guarantee
- Working capital facility for trade

#### **♦ Investment banking**

- Creating funds and wealth of clients by corporate finance and M&As
- Professional sales person providing advice on finance and stock trading

#### **♦ Rural banking**

It provides credit services for the promotion and development of rural sector mainly agriculture, SSI, cottage and village industries, handicrafts and many more.

- Examples of RRBs are NABARD, Syndicate bank and United bank
- Kiosk banking

#### **♦ NRI banking**

This facility is designed for diverse banking requirements of the vast NRI population spread across the globe.

- NRE (Non Resident External Account)
- NRO (Non Resident Ordinary Account)
- FCNR (Foreign Currency Non Resident Account)

♦ **Demat services**

- It offers secure and convenient way to keep track of your securities and investment over a period of time without any hassle of handling physical documents.
- It also provides the facility of online banking.

♦ **Microfinance**

It refers to a movement that envisions a world in which low income households have permanent access to a range of high quality financial services to finance their income producing activities, build their assets and stabilize the consumption.

♦ **Bancassurance**

Bancassurance is the partnership or relationship between a bank and an insurance company whereby the insurance company uses the bank sales channel in order to sell insurance products.

**Challenges facing Indian banking**

The main challenges facing by Indian banking are the role of financial instrumentation in different phases of the business cycle, the emerging compulsions of the new prudential norms and benchmarking the Indian financial system against international standards and best practices. The need for introduction of new technology in the banking and the importance of skill building and intellectual capital formation in the banking industry are also equal important.

**1. FINANCIAL INTERMEDIATION**

Till recently the role of banks in the economy was perceived to be 'catalysts' of mobilizing resource requirement for growth. This view has undergone a change and banks are no longer viewed as passive mobilizer of funds, Efficiency in the financial intermediation is the ability of the financial institution to intermediate between savers and investors, to set economic prices for capital and allocate resources among completing demands is now emphasized. In the wake of the recent emphasized in the economy the intermediation role assumes even greater relevance. By virtue of their experience and superior credit assessment of the investment proposals banks should play a significant role in identifying and nurturing growth impulse in the commodity and service producing sector in the economy.

## **2. MARKET DISCIPLINE**

Transparency and disclosure norms are assuming greater importance in the emerging environment. Banks are now required to be more responsive and accountable to the investors. Banks move to disclose in their balance sheets information on maturity profiles of assets and liabilities, lending to sensitive sectors, movements in NPAs, besides providing information on capital, provisions, shareholdings of the government, value of investment in India and abroad, and other operating and profitability indicators. They also have to make a disclosure of total investments made in equity shares, units of mutual funds, bonds and debentures and aggregate advances against shares in their notes to balance sheet.

Efforts are on to set up a credit information bureau to collect and share information on borrowers and improve the credit appraisal of banks and financial institutions.

## **3. ADOPTING INTERNATIONAL STANDARDS**

The fallout of Asian crisis and the impetus given to the strengthening of domestic financial systems has resulted in a move by the regulators to set up universally acceptable standards and codes for benchmarking financial systems. RBI has also set-up an advisory group to draw a road map for implementation of appropriate standards and codes in light of existing levels of compliance, cross country experience and the existing legal and institutional infrastructure. In view of the vast diversity in the size, an asset liability profiles of the banks it becomes very difficult for a few of them to meet the new benchmark of global standards. Each bank has to draw its own strategy to move towards this direction.

## **4. TECHNOLOGY BANKING**

Innovation in technology and world-wide revolution in information and communication technology are perceived to be the catalyst of productivity growth. The relationship between IT and Banking is fundamentally symbiotic. It is expected to reduce costs, increase volumes and facilitate customized products. Technology adoption is a dire necessity for the public sector banks to compete with new generation private sector and foreign banks. It is a 'compulsion' rather than a 'choice'. Retention of existing customer is the primary concern of majority of the banks today.

The major challenge for banks is to fall in line with the emerging scenario and adopting the required technology to provide stake-of

-the-art services to the customers. Introduction of on-line, interconnected automatic teller machines (ATM), telephone banking, on-line bill payment and Internet banking are some of the high tech facilities. Banks have to provide in order to survive in the competitive scenario. Technology should ultimate results in better customer service, low cost and quick delivery.

## **5. RURAL BANKING**

Having committed 75% of their branches network to serving rural and semi-urban population, public sector banks have to adopt a financial emerging approach to rural banking.

Banking in India is generally fairly mature in terms of supply, product range and reach, even though reach in rural India still remains a challenge for the private sector and foreign banks. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets relative to other banks in comparable economies in its region.

Consequently, we have seen some examples of inorganic growth strategy adopted by some nationalized and private sector banks to face upcoming challenges in banking industry of India. For example recently, ICICI Bank Ltd. merged the Bank of Rajasthan Ltd. in order to increase its reach in rural market and market share significantly. State Bank of India (SBI), the largest public sector bank in India has also adopted the same strategy to retain its position. It is in the process of acquiring its associates. Recently, SBI has merged State Bank of Indore in 2010.

## **6.HUMAN RESOURCE DEVELOPMENT IN BANKS**

The core function of HRD in the banking industry is to facilitate performance improvement, measured not only in terms of certain financial indicators of operational efficiency but also in terms of quality of financial services provided. The skill level, attitude and knowledge of the personnel play an important role in determining the competitiveness of a bank. Banks have to understand that the capital and technology-considered to be the most important pillars of banking are replicable, but not human capital, which needs to be viewed as a valuable resource for the achievement of competitive advantage. The primary concern of the bank should be to bring in proper integration of human resource management strategies with the business strategies. It should faster cohesive team work and create commitment to improve the efficiency of its human capital. More than operational skills today's banking call for these 'soft skills' to attend the needs and requirement of the customers at the counter. The need to adopt global best practices

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practices to financial sector regulation and supervision and adopt them to the domestic environment places a premium skills and expertise of the bank human resources.

## **7. EMPLOYEE RETENTION**

The banking industry has transformed rapidly in the last ten years, shifting from transactional and customer service-oriented to an increasingly aggressive environment, where competition for revenue is on top priority. Long-time banking employees are becoming disenchanted with the industry and are often resistant to perform up to new expectations. The diminishing employee morale results in decreased revenue. Due to the intrinsically close ties between staff and clients, losing those employees completely can mean the loss of valuable customer relationships. The retail banking industry is concerned about employee retention from all levels: from tellers to executives to customer service representatives because competition is always moving in to hire them away.

The competition to retain key employees is intense. Top-level executives and HR departments spend large amounts of time, effort, and money trying to figure out how to keep their people from leaving.

## **8. FINANCIAL INCLUSION**

Financial inclusion has become a necessity in today's business environment. Whatever is produced by business houses, that has to be under the check from various perspectives like environmental concerns, corporate governance, social and ethical issues. Apart from it to bridge the gap between rich and poor, the poor people of the country should be given proper attention to improve their economic condition.

## **9. SOCIAL AND ETHICAL ASPECTS**

There are some banks, which proactively undertake the responsibility to bear the social and ethical aspects of banking. This is a challenge for commercial banks to consider these aspects in their working. Apart from profit maximization, commercial banks are supposed to support those organizations, which have some social concerns.

Today, we also have a concept of "banks with a conscience". They focus on investing in community, providing opportunities to the disadvantaged, and supporting social, environmental, and ethical agendas. Social banks try to invest their money only in endeavors that promote the greater good of society, instead of those, which generate

private profit just for a few. It has also explained the main difference between mainstream banks and social banks that mainstream banks are in most cases focused solely on the principle of profit maximization whereas, social banking implements the triple principle of profit-people-planet.

There is further a need that banks can project themselves as a socially and ethically oriented organization by disbursement of loans merely to those organizations, which has social, ethical and environmental concerns.

### **Innovations in the Indian banking industry**

Some factors which may probably be the key drivers for Innovation in Banking, keeping in mind customer expectations and behaviour changes:

#### **1.ADOPTION OF NEW TECHNOLOGY**

With intense competition between banks which is going to be more severe in the coming years and with more private players waiting to step in, adopting new technology has assumed added importance, especially for public sector banks. The key to success is adopting state-of-the-art technology and continuously accelerating business processes.

Investment and innovation in technology will result in further advancement in credit analytics systems that will help them assess customer behavior and enhance portfolio profitability. Experience in matured markets has proven the value of credit bureaus in the development of consumer credit. With the possibility of more credit bureau's competing with CIBIL looming large, further advancement and innovation to quickly assess customer credit history will be a critical factor to provide convenience banking to customers. The day is not far away where you call up your Bank for a loan, provide your UID/PAN Number, your credit score verified, eligibility calculated and the processing is completed almost instantaneously and the loan amount gets credited to your account within 24 hours.

#### **2.MOBILE BANKING**

The 3G spectrum auction across various circles to private telecom providers in India will further open up immense migration possibilities to more convenient channels. It may not be too long where the customer would access his bank account using a secured application

through his mobile phone. Needless to say, a secured and fast internet banking platform will become a basic necessity.

### **3. DAILY INTEREST PAYMENT**

RBI's recent directive on payment of interest on daily balance maintained in the savings account effective 1st April 2010 will result in higher outflow to Banks. This will also result in the interest rates for short term deposits (7 - 90 days) undergoing an upward revision as against the 2.5% - 3.5% being paid currently by banks on these deposits. While most Banks seem to have enhanced their technology to comply with this interest calculation methodology, this change however would result in an increased outflow of around 20% in interest credits. Banks will find ways to innovate and encourage customers to use their debit cards for purchases, bring the average daily balance down and gain the differential between interchange spend and interest payouts. These strategies of promoting debit card usage will also keep the banking system going, interchange revenues flowing in and ensuring that credit exposure by way of credit cards is minimized.

### **4. PRODUCT OFFERINGS**

Continuous innovation on the product offerings by Banks is paramount to ensure that their products stand out from the crowd. A lot of effort and innovation from Banks is required to make their product the preferred choice of the customer. This needs to be backed by a powerful and customized loyalty program for customers to be continuously encouraged to keep using their card. Service is an extremely vital cog in the wheel and the Banks which make the investment to have superior service levels as their USP will have a clear advantage. Investment in providing a chat interface as a service channel for routine enquiries would be in line with times to come.

### **5. CONVENIENCE BANKING**

Ten years ago, a customer would have been happy to bank with those who provided just a fixed deposit or a recurring deposit in addition to his savings account and a credit card. Today, there is a need to spread the wealth around, diversify the savings into shares, fixed deposits, mutual funds, pension products and insurance. Banks have a choice – offer all these as part of their Convenience Banking to customers or lose him. This desire and the compulsion to be the one-stop shop for the entire customer's investment and borrowing needs will ensure a lot of banks adopt this model increasingly.

## **6. SMART CARDS**

Smart Cards embedded with microprocessors or memory chips will become tamper proof and replace the existing plastic cards, offering customers a secure digital identity. This will also provide convenience to customers; provide access to bank's website and individual accounts, accurate tracking of usage, spend analysis and manage long term customer relationships through efficient, timely and valuable services to them.

## **7. BIOMETRIC ATM's**

Biometric ATMs will replace the conventional ATM's across the country, apart from all banks investing in additional ATM's. Banks can authenticate the identity of the customer in three ways; most common being something the user knows (passwords or personal identification numbers), something the user has (a security token etc) or something the user is (a physical characteristic like fingerprint, palm geometry etc., called as biometric). With increasing threats on compromise of passwords and account take over's and misuse of cards, biometric form of authentication (which have withstood the test of scrutiny coming out as the most secure form) for ATM and POS transactions would be the way ahead. Statistics show that India's ATM density is around 35 ATM's per million people which is abysmally low compared to the US's ATM density of 1300. This is an area of focus for many banks clearly, offering a branding and marketing proposition for their investments apart from interchange revenues on usage.

## **8. REPLACEMENT OF CHEQUES BY RTGS AND NEFT**

Cheques will gradually be phased out and replaced by RTGS and NEFT and other electronic forms of money transfers and payment mechanisms offering superior turnaround times. Operational efficiency in processing electronic payment mechanisms will undergo a radical change, with the beneficiary receiving the credit real time online.

### **Suggestions**

As per the above discussion, we can say that the biggest challenge for banking industry is to serve the mass market of India. Companies have shifted their focus from product to customer. The better we understand our customers, the more successful we will be in meeting their needs. In order to mitigate above mentioned challenges Indian banks must cut their cost of their services. Another aspect to encounter the challenges is product differentiation. Apart from traditional banking services, Indian banks must adopt some product innovation so that they can

compete in gamut of competition. Technology up gradation is an inevitable aspect to face challenges.

The level of consumer awareness is significantly higher as compared to previous years. Now-a-days they need internet banking, mobile banking and ATM services.

Expansion of branch size in order to increase market share is another tool to combat competitors.

Therefore, Indian nationalized and private sector banks must spread their wings towards global markets as some of them have already done it. Indian banks are trustworthy brands in India

## **Conclusion**

The Indian banking industry is facing newer challenges in terms of narrowing spreads, new banking products and players and mergers and acquisitions. Adoption of risk management tools and new information technology is now no more a choice but a business compulsion. Technology product innovation, sophisticated risk management systems, generation of new income streams, Building business volumes and cost efficiency will be the key to success of the banks in the new era. In the present environment where change is invisible, it is not enough if bank change with the change, but they have to change before the change. They should perceive what customer want and accordingly structure their product and services.

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# **"Impact Of Training And Development In Indian Banking Sector"**

*Prof. Riya M Nathani  
(Asst. Professor) BFM Dept.  
Smt. Chandibai Himathmal Mansukhani College*

## **Abstract**

Training and development refers to the imparting of specific skills, abilities and knowledge to an employee. Training & development is it is any attempt to improve current or future employee performance by increasing an employee's ability to perform through learning, usually by changing the employee's attitude or increasing his or her skills and knowledge.

The journey towards a knowledge economy demands the new additional type of competencies like team spirit, co-operation, etc. To reach the destination of knowledge economy in high productivity places like banks, the lifelong learning concept should be applied to its workforce.

Employee training is becoming a necessity to every organization now-a day. Employees are entrusted different roles and responsibilities in the banks. Training enables them to carry out these roles and responsibilities efficiently and also learn new things, which will prepare them to take up higher responsibilities in the future. In this study the researcher studies the existing practices of the various aspects of training program and its effectiveness in selected public and private sector banks in India

This is mainly to assess the present status of the employee effectiveness in discharging the roles and responsibilities in tune with the objectives of the bank. The aim is to assess the effectiveness of the various facets of training i.e. employee's attitude towards training inputs; quality of training programmes; training inputs and application of training inputs to the actual job.

**Keywords:** Training program, Employee attitude, Training input, Banks, Growth & Result, Training effectiveness, Quality

## **Introduction to training and development programmes**

India is emerging as an economy much ready to accept the challenges from external environment being one of the most consistently called

Developing countries. India has shown with times an urge to accept change when it was needed the most years 1991 marked a great change with arrival of major policy reforms in the form of deregulation, privatization, dereservation, foreign investment, export promotion and import substitution. These policies are no lesser than a boon to Indian economy. It seems that most of the things have been done but only on papers that is as far as making policies are concerned but practical ground has not been touched completely.

Areas of prime concern like industry, education and human resources are still waiting for the major changes to take place and to stand at par with international standards. As knowledge workers are the most valuable asset of any institution in 21st century ( Peter F. Drucker,1999) Let us talk about all the factors of production capital, land and labours being the most active factor of production it exploits other passive factor of production though India has the population increasing like jungle fire resulting in increased consumption and production to fulfill its need but on the other hand failing policies as growth rate with keeping pace with population is dissatisfactory what can be possible way out if education be made vocational which will be like an early training for students to easily pick their career options and unskilled labour made skilled with global requirement can sort out certain issues.

#### **• Training**

Training is concerned with imparting developing specific skills for a particular purpose. Training is the act of increasing the skills of employees for doing a particular job. Training is the process of learning a sequence of programmed behavior. In earlier practice, training programme focused more on preparation for improved performance in particular job. Most of the trainees used to be from operative levels like mechanics, machines operators and other kinds of skilled workers. When the problems of supervision increased, the steps were taken to train supervisors for better supervision.

#### **• Development**

Management development is all those activities and programme when recognized and controlled have substantial influence in changing the capacity of the individual to perform his assignment better and in going so all likely to increase his potential for future assignments. Thus, management development is a combination of various training programme, though some kind of training is necessary, it is the overall

development of the competency of managerial personal in the light of the present requirement as well as the future requirement. Development an activity designed to improve the performance of existing managers and to provide for a planned growth of managers to meet future organizational requirements is management development.

It is a learning process that involves the acquisition of knowledge, sharpening of skills, concepts, rules, or changing of attitudes and behaviors to enhance the performance of employees.

Favorable economic climate and number of other factors such as, growing urbanization, increasing consumerism, rise in the standard of living, increase in financial services for people living in rural areas, etc has increased the demand for wide range of financial products that has led to mutually beneficial growth to the banking sector and economic growth process. This was coincided by technology development in the banking operations.

Today most of the Indian cities have networked banking facility as well as Internet banking facility. Some of the major players in the banking sector are State Bank of India, HDFC Bank, Citibank, ICICI Bank, Punjab National Bank, etc.

### **Definition of Training & Development**

Improve performance “Training & Development is any attempt to improve current or future employee performance by increasing an employee's ability to perform through learning, usually by changing the employee's attitude or increasing his or her skills and knowledge.”

### **Objectives of the study**

The following are the objectives of the study:

- To study about the training and development programmes offered for Bank employees.
- To evaluate the effectiveness of the training and development programmes.
- To ascertain satisfaction levels of employees on improving the present system
- To seek the suggestions from by the employees on improving the present system.

## **Indian banking industry**

Banking in India originated in the last decades of the 18th century. The first banks were The General Bank of India which started in 1786, and the Bank of Hindustan, both of which are now defunct. The oldest bank in existence in India is the State Bank of India, which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company. For many years the Presidency banks acted as quasi-central banks, as did their successors. The three banks merged in 1925 to form the Imperial Bank of India, which, upon India's independence, became the State Bank of India.

Indian merchants in Calcutta established the Union Bank in 1839, but it failed in 1848 as a consequence of the economic crisis of 1848-49. The Allahabad Bank, established in 1865 and still functioning today, is the oldest Joint Stock bank in India. It was not the first though. That honor belongs to the Bank of Upper India, which was established in 1863, and which survived until 1913, when it failed, with some of its assets and liabilities being transferred to the Alliance Bank of Simla.

When the American Civil War stopped the supply of cotton to Lancashire from the Confederate States, promoters opened banks to finance trading in Indian cotton. With large exposure to speculative ventures, most of the banks opened in India during that period failed. The depositors lost money and lost interest in keeping deposits with banks. Subsequently, banking in India remained the exclusive domain of Europeans for next several decades until the beginning of the 20th century.

Foreign banks too started to arrive, particularly in Calcutta, in the 1860s. The Comptoir d'Escompte de Paris opened a branch in Calcutta in 1860, and another in Bombay in 1862; branches in Madras and Pondichery, then a French colony, followed. HSBC established itself in Bengal in 1869. Calcutta was the most active trading port in India, mainly due to the trade of the British Empire, and so became a banking center. The Bank of Bengal, which later became the State Bank of India.

The first entirely Indian joint stock bank was the Oudh Commercial Bank, established in 1881 in Faizabad. It failed in 1958. The next was the Punjab National Bank, established in Lahore in 1895, which has survived

survived to the present and is now one of the largest banks in India.

Around the turn of the 20th Century, the Indian economy was passing through a relative period of stability. Around five decades had elapsed since the Indian Mutiny, and the social, industrial and other infrastructure had improved. Indians had established small banks, most of which served particular ethnic and religious communities.

The presidency banks dominated banking in India but there were also some exchange banks and a number of Indian joint stock banks. All these banks operated in different segments of the economy. The exchange banks, mostly owned by Europeans, concentrated on financing foreign trade. Indian joint stock banks were generally undercapitalized and lacked the experience and maturity to compete with the presidency and exchange banks. This segmentation let Lord Curzon to observe, "In respect of banking it seems we are behind the times. We are like some old fashioned sailing ship, divided by solid wooden bulkheads into separate and cumbersome compartments."

The period between 1906 and 1911, saw the establishment of banks inspired by the Swadeshi movement. The Swadeshi movement inspired local businessmen and political figures to found banks of and for the Indian community. A number of banks established then have survived to the present such as Bank of India, Corporation Bank, Indian Bank, Bank of Baroda, Canara Bank and Central Bank of India.

The fervor of Swadeshi movement lead to establishing of many private banks in Dakshina Kannada and Udupi district which were unified earlier and known by the name South Canara (South Kanara) district. Four nationalised banks started in this district and also a leading private sector bank. Hence undivided Dakshina Kannada district is known as "Cradle of Indian Banking".

### **Literature review**

"The purpose of a training needs assessment is to identify performance requirements or needs within an organization in order to help direct resources to the areas of greatest need, those that closely relate to fulfilling the organizational goals and objectives, improving productivity and providing quality products and services." (Janice A. Miller, SPHR and Diana M. Osinski, Reviewed July 2002.)

"The most valuable asset of a 20th century company was its production

Equipment. The most valuable asset of a 21st century institution will be its knowledge Workers and their productivity (Drucker 1999)."

"After employees have been selected for various positions in an organizations training them for the specific tasks in which they have been assigned assumes great importance. It is true in many organizations that before an employee is fitted into a harmonious working relationship with other employees,, he is given adequate training. Training is the act of increasing the knowledge and skills of an employee for performing a particular job. The major outcome of training is learning. A trainee learns new habits, refined skills and useful knowledge during the training that helps him improve performance. Training enables an employee to do his present job more efficiently and prepare himself for a higher level job. (VS Rama Rao ,2010)

### **Why training for employees**

1. To get an insight of the job by the new employees and also to understand work culture followed in the organization.
2. To acquire knowledge in order to adopt any change in technology or any change affecting the working of organization.
3. To get promotion as again change in nature of the work but increase in payment will increase responsibility and challenges involved.
4. To deal with the expansion and diversification where companies initiates other areas of business to gain their greater understanding.

In order to satisfy consumers from all walks of life banks need to have efficient manpower which can be possible by offering them quality training , training programme should keep pace with changing times it must be unconventional. Training changes mental and social outlook of employees. Customers and their needs can be identified and they are satisfied accordingly.

- The Benefits of employee training
- Improves the morale of the workforce
- Helps create a better corporate image
- Improves relationship between boss and subordinate
- Aids in organizational development
- Helps prepare guidelines for work
- Aids in understanding and carrying out organizational policies.

- Provides information for future needs in all areas of the organization
- Organization gets more effective decision-making and problem-solving skills
- Aids in development for promotion from within
- Aids in developing leadership skills, motivation, loyalty, better attitudes, and other aspects that successful workers and managers usually display

### **Reasons for employee training and development**

Training and development can be initiated for a variety of reasons for an employee or group of employees, e.g.

- Building a more efficient, effective and highly motivated team, which enhances the bank's competitive position and improves employee morale.
- Enhancing the company's ability to adopt and use advances in technology because of a sufficiently knowledgeable staff.
- When a performance appraisal indicates performance improvement is needed
- To "benchmark" the status of improvement so far in a performance improvement effort
- As part of succession planning to help an employee be eligible for a planned change in role in the organization
- To "pilot", or test, the operation of a new performance management system
- To train about a specific topic

### **Training methods**

- On the job training
- Off the job training
- Orientations
- Lectures
- Job rotations
- Programmed Learning

### **Recommendations**

1. Decentralization of training will make the training convenient for employee. Managers who are at high levels are trained in restricted numbers of training centers which are located in few states of India that makes training inconvenient for employees living far off regions.
2. To update employee's knowledge and skill suitable training must be provided at regular intervals i.e. in a year or as per the requirement to

keep the employees updated.

3. Training and development should also include more of upgrading their social behavior as they connect to various clients belonging to various social backgrounds of society. As they need to intermingle with different colleagues during transfers and delegations.

4. All the banks whether private or public should share their training and learning techniques as a separate body it should provide standardized and uniform training so that young people will not get tangled up in "different bank different training" strategy.

5. To overcome language barrier the employees of bank must be provided at least one day training for understanding regional language i.e. Vijaya bank has maximum south Indian speaking employees if they operate in Gujarat the employees must be given training to understand Guajarati words related to banking at least.

### **Conclusion**

Training for employees of an organization is considered very much important in order to achieve excellence and competence. But does training plays any other role besides providing learning and the employees with demanding competencies? Surely it does as indicated that training has a positive impact on both motivation and job involvement. This study however, clearly emphasizes the need and importance of the training on the employees in the banking sector characterized by low morale due to high work stress.

1. It is concluded that private and public Indian banks undertake training and development programmes for their employees to increase their efficiency.
2. Banks provide training programmes to enhance their knowledge and skills to satisfy the customers.
3. Growth of banking sector in India is the result of skilled manpower which is the outcome of training and development.

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## **"Impact of Stress on Performance at Workplace"**

*Prof. Hitasha Rohra*

*B.Com Accounts & Finance*

*Smt. C.H.M College*

### **Abstract**

Creating a high performance organization requires understanding what factors influence performance. One of the most significant factors is stress. Research shows that stress interferes with human intellectual, emotional, and interpersonal functioning. Initiatives like The Learning Organization, Process Re-engineering, Diversity Training, Collaborative Team Work, and The High Performance Organization are all impacted by the way people are affected by stress. Stress at work is a relatively new phenomenon of modern lifestyles. With change comes stress, inevitably. Professional stress or job stress poses a threat to physical health. Work related stress in the life of organized workers, consequently, affects the health of organizations.

Historically, stress has been viewed as an inevitable consequence of work life; or at most, a health care issue. Neither view begins to capture just how costly this problem is to employers. Research shows that stress interferes with human intellectual, emotional, and interpersonal functioning. In fact, nearly every popular training and organizational development initiative is directly compromised by the intellectual, emotional, and interpersonal consequences of stress.

This paper will highlight some of the research findings and discuss their implications for today's organization. The paper also aims at focusing on the basic causes and the solution to job stress.

### **Introduction**

Stress at work is a relatively new phenomenon of modern lifestyles. The nature of work has gone through drastic changes over the last century and it is still changing at whirlwind speed. They have touched almost all professions, starting from an artist to a surgeon, or a commercial pilot to a sales executive. With change comes stress, inevitably. Professional stress or job stress poses a threat to physical health. Work related stress in the life of organized workers, consequently, affects the health of organizations.

### **What is Stress?**

We live in stressful times. We are holding down two or more jobs. We are putting up with heavy job loads and unreasonable demands.

We are swallowing outrage and frustration with unfair situations and irrational superiors because we cannot afford to be laid off or fired. Or we have already been laid off and we are struggling to find another job. Or we have given up and are coping with unemployment. Outside strains like these are called stressors. Stressors are the barely-tolerable pressures that bring us unhappiness and, eventually, disease. Some people hardly seem to be affected by stressors. They maintain a sense of perspective and a sense of humour. They remain calm in the midst of adversity and catastrophe. Other people are overwhelmed by a lesser number and intensity of stressors and slide downhill, losing relationships, jobs, and eventually their mental and physical health. The physiological and psychological responses to situations or events that disturb the equilibrium of an organism constitute stress.

Job stress is a chronic disease caused by conditions in the workplace that negatively affect an individual's performance and/or overall well-being of his body and mind. One or more of a host of physical and mental illnesses manifests job stress. In some cases, job stress can be disabling. In chronic cases a psychiatric consultation is usually required to validate the reason and degree of work related stress.

Working on a project on stress at work, Andy Ellis, Ruskin College, Oxford, UK, has shown in a chart how stress can adversely affect an employee's performance. In the early stages job stress can 'rev up' the body and enhance performance in the workplace, thus the term 'I perform better under pressure'. However, if this condition is allowed to go unchecked and the body is revved up further, the performance ultimately declines and the person's health degenerates.

### **Symptoms**

The signs of job stress vary from person to person, depending on the particular situation, how long the individual has been subjected to the stressors, and the intensity of the stress itself. Typical symptoms of job stress can be:

- Insomnia
- Loss of mental concentration,
- Anxiety, stress
- Absenteeism
- Depression,
- Substance abuse,
- Extreme anger and frustration,

- Family conflict
- Physical illnesses such as heart disease, migraine, headaches, stomach problems, and back problems.

## **Causes of Workplace Stress**

Job stress may be caused by a complex set of reasons. Some of the most visible causes of workplace stress are:

### **Job Insecurity**

Organized workplaces are going through metamorphic changes under intense economic transformations and consequent pressures. Reorganizations, takeovers, mergers, downsizing and other changes have become major stressors for employees, as companies try to live up to the competition to survive. These reformations have put demand on everyone, from a CEO to a mere executive.

### **High Demand for Performance**

Unrealistic expectations, especially in the time of corporate reorganizations, which, sometimes, puts unhealthy and unreasonable pressures on the employee, can be a tremendous source of stress and suffering. Increased workload, extremely long work hours and intense pressure to perform at peak levels all the time for the same pay, can actually leave employees physically and emotionally drained. Excessive travel and too much time away from family also contribute to an employee's stressors.

### **Technology**

The expansion of technology—computers, pagers, cell phones, fax machines and the Internet—has resulted in heightened expectations for productivity, speed and efficiency, increasing pressure on the individual worker to constantly operate at peak performance levels. Workers working with heavy machinery are under constant stress to remain alert and live under constant mental stress. There is also the constant pressure to keep up with technological breakthroughs and improvisations, forcing employees to learn new software all the times.

### **Workplace Culture**

Adjusting to the workplace culture, whether in a new company or not, can be intensely stressful. Making one adapt to the various aspects of workplace culture such as communication patterns, hierarchy, dress code if any, workspace and most importantly working and behavioural patterns of the boss as well as the co-workers, can be a lesson of life.

Maladjustment to workplace cultures may lead to subtle conflicts with colleagues or even with superiors. In many cases office politics or gossips can be major stress inducers.

### **Personal or Family Problems**

Employees going through personal or family problems tend to carry their worries and anxieties to the workplace. When one is in a depressed mood, his unfocused attention or lack of motivation affects his ability to carry out job responsibilities.

### **Job Stress and Women**

Women may suffer from mental and physical harassment at workplaces, apart from the common job stress. Sexual harassment in workplace has been a major source of worry for women, since long. Women may suffer from tremendous stress such as 'hostile work environment harassment', which is defined in legal terms as 'offensive or intimidating behaviour in the workplace'. This can consist of unwelcome verbal or physical conduct. These can be a constant source of tension for women in job sectors. Also, subtle discriminations at workplaces, family pressure and societal demands add to these stress factors.

## **Impact of stress**

### **Stress and the Loss of Creativity**

Creative and innovative thought are at the heart of the learning organization. An organization's ability to innovate is perhaps the most important source of competitive advantage. Organizations who know how to stimulate and leverage innovative thought are able to respond more rapidly and resourcefully to market changes and customer requirements than their slower, less innovative competitors. Despite the tremendous contribution innovative thought makes to organizational survival, most organizations don't realize how they prevent such thought from being exercised in their organization. The typical high stress workplace the physiological and psychological affects of stress on the human brain and mind compromises such creativity and innovation.

Studies show that when people are under stress, their thought processes narrow. This narrowing of attention, by definition, prevents divergent thinking, which is the foundation of creativity. Divergent thinking is the ability to see connections between very distantly related

ideas and context. It is an important component of "thinking outside the box." When people are stressed, they are able to perceive obvious connections and associations between ideas. When people are in a positive emotional state, their ability to make more distant, novel connections and associations increases. Thus, stress compromises, at the most fundamental neurological level, one of the foundational skills of creativity and innovation.

### **Burnout**

When under severe stress, an individual fails to take clear-cut decisions, reevaluate and reassess the priorities and lifestyles, and ultimately, tend to fall into unproductive distractions. This can be described as a classic case of 'burnout'. The 'burnouts' often engage in reckless or risk-taking behaviours. Starting from glamour and sport celebrities to common men, 'burnouts' are found everywhere.

**Chronic Responsibility Syndrome** is a kind of burnout where people get mentally and physically exhausted from their workload. The symptom is often described as "there's simply too much work to do, and no one else can do it but me". Typically it will occur in hard working, hard driven people, who become emotionally, psychologically or physically exhausted. You are at risk of burnout where:

- You find it difficult to say 'no' to additional commitments or responsibilities
- You have been under intense and sustained pressure for some time
- Your high standards make it difficult to delegate to assistants
- You have been trying to achieve too much for too long
- You have been giving too much emotional support for too long

Often burnout will manifest itself in a reduction in motivation, volume and quality of performance, or in dissatisfaction with or departure from the activity altogether.

### **Suggestions to Deal with Job Stress**

There are a variety of ways that both working individuals particularly women and organizations can deal with stress related burnout. In general, simply resting can be very effective. This may include a

temporary reduction of regular working hours, slowly rebuilding the endurance of the individual. In his book, Managing stress: Emotion and power at work (1995), Newton argues that many of the remedies related to burnout are motivated not from an employee's perspective, but from the organization's perspective. Despite that, if there are benefits to coping strategies, then it would follow that both organizations and individuals should attempt to adopt some burnout coping strategies. Below are some of the more common strategies for dealing with burnout.

### **Employee Assistance Programs (EAP)**

Stemming from Mayo's Hawthorne Studies, Employee Assistance Programs were designed to assist employees in dealing with the basic causes of stress. Some programs included were counselling and psychological services for employees and workers. There are organizations that uses EAPs today, but the popularity has diminished substantially because of the advent of stress management training (SMT).

### **Stress Management Training**

Stress Management Training (SMT) is employed by many organizations today as a method to get employees to either work through regular stress or to control their stress levels. The idea is to maintain stress levels below instances of burnout.

### **Stress Interventions**

Several Researches has been conducted that links certain interventions, such as narrative writing or topic-specific training to reductions in physiological and psychological stress.

### **Problem-Based Coping**

On an individual basis, employees can cope with the problems related to burnout and stress by focusing on the causes of their stress. Various therapies, such as Neurofeedback therapy, claim to assist in cases of burnout. This type of coping has successfully been linked to reductions in individual stress.

### **Appraisal-Based Coping**

Appraisal-based coping strategies deal with individual interpretations of what is and is not a stress inducing activity. There have been mixed findings related to the effectiveness of appraisal-based coping strategies.

## **Social Support**

Social support has been seen as one of the largest predictors toward a reduction in burnout and stress for workers. It requires creating an organizationally-supportive environment as well as ensuring that all the employees have supportive work environments. This may negate some of the severe affects of stress and burnouts.

## **The Survival technique**

Because change is constant in life, stress is an integral part of it. Since we don't want to perish under it, we have to adhere to the bottom line for survival—adapt.

**Following are some of the long-term tips to survive stress:**

- Even if we feel secured in a habituated life, the truth remains that changing with the times makes one's position more secure. In today's business climate, you must continually be prepared for changes to avoid stress and survive in the competitive world.
- Find and protect whatever time you get to refresh, re-energize and re-motivate yourself. Spend quality time with your family. This can be an excellent source of emotional and moral support.
- Avoid giving in to alcohol, smoking and other substance abuses while under constant stress.
- Develop positive attitudes towards stressful situations in life. Give up negative mental traits such as fear, anger and revengeful attitudes, which actually germinate stress. Try to revert to holistic relaxation and personal growth techniques such as meditation, breathing and exercises, to remodel your lifestyles. In case of chronic stress consult a health professional.
- Reduce workplace stress by celebrating yours or your colleagues' accomplishments.
- Adapting to demands of stress also means changing your personality. Improve your line of communication, efficiency and learn from others' experiences.
- Don't be complacent. Be prepared for any change physically, emotionally and financially.

**Ensure that you are following a healthy lifestyle:**

- Get adequate sleep and rest to maintain your energy levels.
- Ensure that you are eating a healthy, balanced diet—bad diet can make you ill or feel bad. Limit your caffeine and alcohol intake.
- Try to recognize your spiritual needs that may have been buried under the mires of worldly pursuits.
- Develop alternative activities such as a relaxing hobby to take your mind off problems.
- Try to switch to another area of activity within your organization. If you come back later, you may find that you have started to enjoy the work again, and can take on only those commitments that you want. You may, however, find that you have absolutely no interest in continuing with what you are doing. In this case it may be best to drop it altogether.
- Take support and counselling of near and dear ones to bring change to the current situation.
- Enrol yourself with some meditation or yoga classes (to ensure group spiritual practice), gyms, aerobics or sports clubs to switch your focus, and to reorganize your priorities.

# **“Challenges, Innovations and Developments In Human Resource Management”**

*Prof. Manpreet Kaur*

*Gyan Gunn Sagar Group of Institutes*

## **Introduction**

Human resource is one of the most important functions of any organization. It includes everything recruitment, selection, managing people etc. In fact hr is only which meets the organizational needs of the company , people and relations and hr too conduct these activities in a very effective ,legal and fair manner. But in today's fast, demanding and competitive world there are numerous challenges which are being faced by HR.

## **CHALLENGES IN HR**

Human resource aims to improve the productive contribution of individuals besides recruiting them. In today's tough and competitive world, managing people and work together is not a easy task but an effective hr manager does it with his intellectual skills.

## **SELECTION**

Selection being an important part of hr is equally challenging. It means choosing the right candidate for a particular position. The process is quite challenging as it requires lot of skills while screening. Various types of methods are used such as interviews, written tests, face-to-face interview etc. Right selection helps us to build a stable work force which leads to organizations progress. If right candidates are selected then only right output will come. Thus, it is one of the biggest responsibilities of hr managers.

## **MANAGING THE CHANGES**

Change management is very important .Fear and resistance to change do come due to lack of proper communication. Hr alone is not able to create effective change. All need to work with right mind sets and goals. So it becomes very challenging as employees are to be motivated to undertake the change and people coming from different backgrounds cannot easily resist changes which become a barrier for company's success.

## **COMPENSATION**

Compensation is one of the most sensitive issues to deal with. Compensation is a form of value we give our employees for their work

or performance. Humans are regarded as company's biggest asset. As such they work and expect something in return (something extra) more than their monthly salary. This not only increases their self confidence but also their level of work. As such people performing their tasks correctly bond to get more increments. Compensation is a form of value we give our employees for their work or performance. Humans are regarded as company's biggest asset. As such they work and expect something in return (something extra) more than their monthly salary. This not only increases their self confidence but also their level of work. As such people performing their tasks correctly bond to get more increments.

### **HR PLANNING**

Hr planning is an important part of business success. It includes everything from a business plan, companies goals, new skills required to achieve those objectives etc. It fulfils the organisation needs for a quality workforce. The main objective of planning is to ensure a balance between people and their jobs. But sometimes it may create differences at work place. There can be loss at work place which leads to loss at companies turn over which becomes a big challenge for hr managers. Most of the employees feel that with the increase in demand for work more manpower will be required.

### **COMMUNICATION**

Language sometimes becomes barriers in business world. But an effective communication boosts employee's morale. When messages clearly are send employees feel to be a part of management. When values, needs and goals are clearly understood working will be clear and smooth. What manager said and what he wants, should not end up being two different things which leads to miscommunication. Workers who are not fluent in primary language used at their workplace often face difficulty in expressing their needs and requests. For exp, if a person's job involves customer contact it will become difficult to express and respond to needs leading to some serious loss. Positive attitude of hr managers can help us to cope with multicultural differences.

### **WORKPLACE DIVERSITY**

The future of any company depends upon the ability to manage the work of employees and their behavioural attitude. Workplace diversity has attracted much attention in the past years. Discrimination based on language, culture not only creates problems but also hampers

organization's development. Negative attitudes and behaviors at workplace become barriers to any company's diversity because it also harms working relationships and damage morale and work productivity. Communication is also huge workplace diversity. It should be open and honest. Factors like gender, sex, creed also affects relations at workplace. Applicants should be made comfortable with organization culture. Sexual harassment is another global issue.

A recent survey has shown that about 30 to 50% of female employees had experienced some form of sexual harassment. Managers should know that victim is not the person harassed but anyone could be affected by such conduct. The future of any company depends upon the ability to manage the work of employees and their behavioral attitudes. Workplace diversity has attracted much attention in the past years. Discrimination based on language, culture not only creates problems but also hampers organization's development. Negative attitudes and behaviours at workplace become barriers to any company's diversity because it also harms working relationships and damage morale and work productivity. Communication is also huge workplace diversity. It should be open and honest. Factors like gender, sex, creed also affects relations at workplace. Applicants should be made comfortable with organization culture. Sexual harassment is another global issue.

### **CHANGE IN DEMAND OF GOVERNMENT**

In HR, planning should be done in long or short terms as to meet the changes easily. As such skills required will be presently according to the demand of changing conditions. New techniques are being innovated for better outcome .As such a manager has to meet all the demands of change in market and introduce new tools .It is very important to balance new changing practises as well as the employee's innovations at work place. Plans should be made to promote and introduce current work requirements with new ones.

### **EMPLOYEES HEALTH**

Employee's health is one of the most sensitive issues in HR. If any employee is healthy, both mentally and physically his performance will also be good. Problems like back pain and neck pain are very common at work place. These health hazards affect their personal and professional life by reducing their performance at work. Safety and wellness of employees health is a responsibility of hr manager. On the other hand coping with work stress, long working hours and night shifts is a matter of concern for hr. Companies like Wipro have regular workout

programs for their employees which lesser their burden and makes them feel fresh. Relaxation should be provided after every 2 hour intervals to cope with these health hazards. A good balance is very necessary between personal and professional life for the smooth functioning of any organization. Many employees don't leave their families and personal lives behind when they are at work. Heavy work load have made difficult for employees to satisfy both lives. According to the 2007 study by researchers it has been shown that women are more overloaded by work then men. They also experience less support from their partners regarding their careers.

## **OPPORTUNITIES**

Innovation is positive. Innovation provides employees an infrastructure to support their views, ideas and study their various behavioral responses. They can express themselves in a better way which creates a friendly, positive work atmosphere and a breach of understanding among employees. It turns entrepreneurs towards a new way of doing business. When new ideas are put into practice a way of doing work automatically develops.

Employees learn a lot, develop new ideas and practice them meeting the changing requirements of business. They also learn to recognize unconventional opportunities..Creative efforts are used to introduce new prospects .Innovation pr-It improves customers satisfaction in marketing. When business ideas are innovated and practiced. It promotes the need for change as a part of organizations decision making process. Innovation locates new technologies that attracts and creates new customers leading to company's progress and high employment rates. It increases productivity .More production and more benefit is the prime aim of every business. It increases the standard of living. When new concepts are developed thoughts automatically develops leading to knowledge development in whole society.

## **Innovations and developments in HRM**

Human resource management is one of the important parts of organization .Innovation practices in hr should be more strategic with good involvement in business .Moving towards the 21st century, organizations are more demanding and competitive .Employees should be taught to be competent in all aspects of the job .A learning centre should be created to by holding various sessions related to motivation, meeting challenges monitoring performance management etc.

Workforce diversity is another major hr issue which requires innovation .Reorganization and respect for all cultures is necessary .Employees should be promoted by their performance irrespective of caste ,creed honestly .By doing so, a friendly and healthy atmosphere will also be created .Managing stress at work is also very necessary .Expressing yourself openly is very important. If we don't express, resentment is likely to be build creating problems for the organisation. Physical activities like exercising, meditation also helps .Stress management programmes should also be introduced for employees. Get proper sleep and eat healthy diet.

### **Conclusion**

With fast developing world and in 21st century innovation and accepting it is very necessary in corporate world. Change is not easy to resist but it's also equally important to meet the growing demand.

# **"Forensic Accounting: A New Paradigm for Niche Consulting"**

*CA. (Mrs.) Reshma M. Gurnani  
Smt. Chandibai Himathmal Mansukhani College*

## **ABSTRACT:**

Forensic accounting has come into limelight due to rapid increase in financial frauds and white-collar crimes. But, it is a largely untrodden area in India. The integration of accounting, auditing and investigative skills creates the specialty known as forensic accounting. The opportunities for the forensic accountants are growing fast; they are being engaged in public practice and are being employed by insurance companies, banks, police forces, government agencies, etc.

This paper seeks to examine the meaning and nature, activities and services rendered, core knowledge and personal skills required for forensic accounting as a specialized field in the accountancy profession. Indeed, there is a future in forensic accounting as a separate niche consulting.

**Key words:** Forensic, Accounting, Auditing

## **INTRODUCTION**

Until recently, detecting fraud or white-collar crime was thought to be part of the conventional accounting function. Fraud was something the internal or external auditors were supposed to guard against through their periodic audits. Now, we as accountants know that auditors can only check for the compliance of a company's books to generally accepted accounting principles, auditing standards, and company policies. Thus, a new category of accounting was needed to detect the fraud in companies that suspected fraudulent transactions. This area of accounting is known as 'forensic accounting'.

Worldwide, we consider Sherlock Holmes to be the first forensic accountant. However, the contribution of some historic characters in India cannot be ignored. In India, Kautilya was the first person to mention the famous forty ways of embezzlement in his book Arthashastra during the ancient times. He was the first economist, who openly recognised the need of the forensic accountants. Similarly, Birbal was the Scholar in the time of King Akbar. He used various tricks to investigate various crimes. Some of his stories give the fraud examiner a brief idea about the Litmus test of investigation.

Forensic accounting is the 'speciality' practice area of accounting that

describes engagements, which result from actual or anticipated disputes or litigation. 'Forensic' means "suitable for use in Court," and it is to that standard and potential outcome that forensic accountants generally have to work. The forensic engagement is distinguished by engagement objective, emphasis on gathering evidence, and the application of a variety of techniques often custom-developed to the requirements of the specific engagement. Forensic accountants often have to give expert evidence at the eventual trial. All of the larger accounting firms, as well as, many medium-sized and boutique firms have 'specialist' forensic accounting departments. Within these groups, there may be further sub-specializations: some forensic accountants may, for example, just specialize in insurance claims, personal injury claims, fraud detection, construction, or royalty audits.

Nearly 40 per cent of the top 100 US accounting firms are expanding their forensic and fraud services, according to Accounting Today. If this data is an indicator of Indian scenario, then the day is not far away when forensic accounting practice will contribute significantly to the total revenue of the Indian CA firms as these services are in great demand and rendered at a premium in current context of flourishing business and rising instances of frauds and litigations.

## **2. RESEARCH METHODOLOGY**

### **2.1 Aims and Objectives:**

The aim of this project is to study the Forensic Accounting and its dimensions and co-relate it as innovative professional arena, as forensic accounting skills have become crucial in untangling the complicated accounting maneuvers that have obfuscated financial statements.

### **2.2 Scope and Limitations:**

The scope of this project is to study the theoretical aspects of forensic accounting and the related aspects of it. In this regard enumeration of any model has been sought to be avoided.

### **2.3 Method of Writing:**

The researcher has attempted to adopt an analytical approach. The method adopted is analytical in so far as it seeks to understand the role of the forensic accounting as an innovative and unique process in accounting and its future as a separate "niche" consulting area in India.

## **2.4 Research Questions:**

- 1.What is Forensic Accounting?
- 2.What Does a Forensic Accountant Do?
- 3.What Constitutes the Core Knowledge of Forensic Accountant?
- 4.What does it take to become a Forensic Accountant?
- 5.What are the different opportunities in Forensic Accounting?

## **2.5 Sources of Data:**

The researchers have relied upon primary sources like discussions with Chartered Accountants, Accountants, Lawyers and related professionals and secondary sources like journals, case

## **3. DISCUSSION**

### **3.1 What is Forensic Accounting?**

The definition of forensic accounting is changing in response to the growing needs of corporations. Bologna and Lindquist had defined forensic accounting as “the application of financial skills, and an investigative mentality to unresolved issues, conducted within the context of rules of evidence. As an emerging discipline, it encompasses financial expertise, fraud knowledge, and a sound knowledge and understanding of business reality and the working of the legal system.” This implies that the forensic accountant should be skilled not only in financial accounting, but also in internal control systems, the law, other institutional requirements, investigative proficiency, and interpersonal skills.

According to AICPA “Forensic accounting is the application of accounting principles, theories, and discipline to facts or hypotheses at issues in a legal dispute and encompasses every branch of accounting knowledge.” Similarly, forensic accounting is defined by Horts as: “The science that deals with the relation and application of finance, accounting, tax and auditing knowledge to analyze, investigate, inquire, test and examine matters in civil law, criminal law and jurisprudence in an attempt to obtain the truth from which to render an expert opinion.”

Simply stated, forensic accounting includes the use of accounting, auditing, and investigative skills to assist in legal matters. It consists of two major components: litigation services that recognize the role of an accountant as an expert consultant, and investigative services that use a forensic accountant's skills and may require possible courtroom testimony. In legal matters, forensic accountants are often engaged to

assist in investigations of theft and defalcation of corporate and individual assets using their education and experience to discuss the fact, patterns of the theft, or misappropriation. Forensic accountants are also called upon to review business accounting systems and, based on their experience, make recommendations as to how the system of internal control and internal check can be improved to prevent theft and fraud. Because of their education, background and experience, forensic accountants add an additional dimension to their work.

Forensic accountants do not win or lose cases but seek only the truth in conducting their evaluations, examinations and inquiries, merely reporting the “true” result of their findings in an “unbiased” and objective manner. To be effective as a forensic accountant, one needs legal training in addition to education and extensive experience in the fields of finance, accounting, taxes and auditing. Since the work of the forensic accountant will many times be used in a court of law, expertise in litigation support and testimony in courts of law are also prerequisites of the forensic accountant. The knowledge of business valuation theory is most helpful because many times a forensic accountant is called upon to determine the damages, which have resulted from the criminal or civil wrongdoing.

### **3.2 What Does a Forensic Accountant Do?**

Forensic accountants are trained to look beyond the numbers and deal with the business realities of situations. Analysis, interpretation, summarization and the presentation of complex financial and business related issues are prominent features of the profession. A forensic accountant will also be familiar with legal concepts and procedures. Public practice or insurance companies, banks, police forces and government agencies are major employers of forensic accountants.

Activities usually carried out by forensic accountants involve:

- Investigating and analyzing financial evidence.
- Developing computerized applications to assist in the analysis and presentation of financial evidence.
- Communicating their findings in the form of reports, exhibits and collections of documents.
- Assisting in legal proceedings, including testifying in courts, as an expert witness and preparing visual aids to support trial evidence.

The services of forensic accountants are in great demand in the following areas:

handle contract disputes, construction claims, product liability claims, infringement of patent and trademarks cases, liability arising from breach of contracts and so on.

- Matrimonial dispute cases: Forensic accountants entertain cases pertaining to matrimonial disputes wherein their role is merely confined to tracing, locating and evaluating any form of asset involved.

### **3.3 Expertise for a Forensic Accountant**

• A forensic accountant is expected to be a specialist in accounting and financial systems. Yet, as companies continue to grow in size and complexity, uncovering fraud requires a forensic accountant to become proficient in an ever-increasing number of professional skills and competencies. Here are some of the broad areas of useful expertise for a forensic accountant:

- An in-depth knowledge of financial statements and the ability to critically analyze them. These skills help forensic accountants to uncover abnormal patterns in accounting information and recognize their source.
- A thorough understanding of fraud schemes, including but not limited to asset misappropriations, money laundering, bribery, and corruption.
- The ability to comprehend the internal control systems of corporations, and to set up a control system that assesses risks, achieves management objectives, informs employees of their control responsibilities, and monitors the quality of the programme so that corrections and changes can be made.
- Proficiency in computer and knowledge of network systems. These skills help forensic accountants to conduct investigations in the area of e-banking and computerized accounting systems.
- Knowledge of psychology in order to understand the impulses behind criminal behavior and to set up fraud prevention programmes that motivate and encourage employees.
- Interpersonal and communication skills, which aid in disseminating information about the company's ethical policies and help forensic accountants to conduct interviews and obtain crucially, needed information.

- Thorough knowledge of company's governance policies and the laws that regulate these policies.
- Command of criminal and civil law, as well as, of the legal system and court procedures.

### **3.4 What it takes To Become a Forensic Accountant**

So what does it take to become a forensic accountant - In addition to the specialized knowledge about the techniques of finding out the frauds, one needs, patience and an analytical mindset. One has to look beyond the numbers and grasp the substance of the situation. There is a need for the same basic accounting skills that it takes to become a good auditor plus the ability to pay attention to the smallest detail, analyze data thoroughly, think creatively, possess common business sense, be proficient with a computer, and have excellent communication skills. A "sixth" sense that can be used to reconstruct details of past accounting transactions is also beneficial. A photographic memory helps when trying to visualize and reconstruct these past events. The forensic accountant also needs the ability to maintain his composure when detailing these events on the witness stand. Finally, a forensic accountant should be insensitive to personal attacks on his professional credibility. A fraud accountant (as forensic accountants are sometimes called) should also observe and listen carefully. By this, you can improve your ability to detect lies whether they involve fraud or not. This is so because "not all liars are fraudsters, but all fraudsters are liars" (Wells).

In addition to these personal characteristics, accountants must meet several additional requirements to become successful forensic accountants, say a Certification, acknowledging his competence. One can learn forensic accounting by obtaining a diploma given by Association of Certified Fraud Examiners (ACFE) in the US. Indian chapter of ACFE offers the course based on the white-collared crimes prevalent in US, based on their laws. However, there is no formal body that provides formal education of the frauds in India. Besides the formal certificate, one can deepen one's knowledge and sharpen one's skills in forensic accounting by undergoing training under an experienced forensic accountant, participating in various international conferences, reading relevant journals, books and other literature on forensic accounting.

### **The Need for Niche Consulting**

The recent corporate accounting scandals and the resultant outcry for transparency and honesty in reporting have given rise to two disparate

yet logical outcomes. First, forensic accounting skills have become crucial in untangling the complicated accounting maneuvers that have obfuscated financial statements. Second, public demand for change and subsequent regulatory action has transformed corporate governance. Increasingly, company officers and directors are under ethical and legal scrutiny. Both trends have the common goal of responsibly addressing investors' concerns about the financial reporting system.

Indeed, there is a future in forensic accounting as a separate "niche" consulting area in India. The need to specialize, otherwise known as Niche Consulting, is imperative to practicing accountants because the fast-paced developments in business thereby demand specialized knowledge and skills. While, majority of CAs have excellent analytical skills, they need to acknowledge that 'forensic' services require 'specialized' training as well as real-life 'practical' corporate experience. There is a need for specialized information, not just audit and tax service. What, clients seem to want are people with unique sets of skills and experiences. With the maturing of the audit business, and the rapid development of technology that makes existing services low cost and cheap, it appears that it is the right time now to acquire those unique skills.

To help practitioners move into 'niche' consulting, some professional organizations in the US have concluded that: "Future success for the profession depends, in part, on how the public perceives the ability of CPAs. New efforts in consulting, specialization and understanding global business practices and strategies are considered crucial. We go out into the niche market, examining our strengths first. We go where the action is, only then we know we can adequately service our clients and make money doing it." One area where 'niche' consulting is becoming the global trend is in "Forensic Accounting and Auditing". But the major question facing the Indian accountancy profession is: Are we ready to plunge to where the challenging action is?

### **3.5 Forensic Accounting Opportunities:**

Growing Cyber Crimes, Failure of Regulatory agencies to track security scams, busting of many co-operative banks and collapse of Giant Corporation like Enron, Satyam, Lehman Brothers etc, emphasize the need of using forensic accounting, irrespective of whether we understand the need or not. In the Indian context, the forensic accountants are most required in the wake of the growing frauds.

The law enforcement officers are the experts of analyzing the fingerprints and the Narcotics but what about the digital evidence analysis.

For chartered Accountants in India, forensic accounting provides an exciting opportunity to foray into this field. The formation of Serious Fraud Investigation Office (SFIO), however, is the landmark creation for the forensic accountants. Growing regulatory and compliance procedures shall demand greater services in the nature of forensic accounting practice. The changing nature of the Indian and International accounting, and auditing & assurance standards also confirm this. Curriculum change will most likely occur if the written exams and practical industry training are revamped to more accurately reflect the “new knowledge base and skill set” required by the accounting profession in the new era.

According to 'Accounting Today' nearly 40% of top 100 American accounting firm's are expanding their forensic and fraud service. With Indian corporate now turning global, with higher volume of cross-border transactions, use of hi-tech technology leaving little audit trail, use of forensic accounting in India is likely to catch pace.

#### **4. Conclusion**

While the forensic accounting and auditing practice had commenced in the US as early as 1995, the seed of this specialization has yet to take off in India. Forensic accountants are only dealing with financial implications of the cases entrusted to them and not engaging in auditing exercise. On account of global competition, the accounting profession must convince the marketplace that it has the “best-equipped” professionals to perform such services.

In Indian accounting world, though forensic accounting is a new field but it has a tremendous potential as a new practice area, given the increasing use of e-commerce application, cyber frauds and increasingly complex transaction in both domestic as well as cross-border businesses. Indian CAs with their extensive theoretical education and practical experience can create forensic accounting and auditing as their niche area.

Forensic accountant takes a more proactive, skeptical approach in examining the books of Accounting. They make no assumption of management integrity (if they can assume so then there is no need for

their appointment) show less concerns for the arithmetical accuracy have nothing to do with the Accounting or Assurance standards but are keen in exposing any possibility of fraud.

Thus, forensic accounting is the application of a specialized knowledge and specific skills to stumble upon the evidence of economic transactions. The job demands reporting, where the accountability of the fraud is established and the report is considered as evidence in the court of law or in the administrative proceeding.

In addition to the specialized knowledge about the techniques of finding out the frauds one needs patience and analytical mindset. One has to look beyond the numbers and grasp the substance of the situation. It is basically the work of the intelligent accountants. He needs to question seemingly benign document and look for inconsistencies. He searches for evidence of criminal conduct or assists in the determination of, or rebuttal of, claimed damages.

While majority of CAs have excellent analytical skills, they need to acknowledge that 'forensic' services require 'specialized' training as well as real-life 'practical' corporate experience.

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# **"An analysis of Corporate Social Responsibility (CSR) in India"**

CA. Asha M Panjabi

H.O.D (BCAF Dept.,): Smt. CHM College,

Prof. Santosh Vadhrya

Asst. Prof.: K.J. Somaiya College of Science & Commerce

## **Abstract**

This paper attempts to make an analysis of CSR in India and provides detailed information about CSR in India as it includes both economic and social interests. The importance of CSR emerged considerably in the last decade. Corporate Social Responsibility (CSR) is viewed as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes throughout the organization. CSR involves addressing the legal, ethical, commercial and other expectations society has for business, and making decisions that fairly balance the claims of all key stakeholders. Effective CSR aims at "achieving commercial success in ways that honour ethical values and respect people, communities, and the natural environment."

Several terms have been used interchangeably with CSR. It includes business ethics, corporate citizenship, corporate accountability, sustainability and corporate responsibility. In its broadest categories, CSR typically includes issues related to business ethics, community investment, environment, governance, human rights, the marketplace and the workplace. Companies have become more transparent in accounting and display 'public reporting' due to pressures from various stakeholders. They have started incorporating their CSR initiative in their annual reports.

## **Introduction and Meaning**

Corporate Social Responsibility (CSR) is viewed as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes throughout the organization, wherever the organization does business and includes responsibility for current and past actions as well as future impacts. Effective CSR aims at "achieving commercial success in ways that honour ethical values and respect people, communities, and the natural environment."

World Business Council for Sustainable Development defines Corporate Social Responsibility (CSR) as "The continuing commitment by business

to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."



In recent years, CSR has come to encompass more. This relates to the increasing influence of the private sector as a result of globalisation, and the opportunities and challenges associated with this. Corporate social responsibility, with its attendant norms and standards, is evolving constantly as new knowledge is acquired. It covers economic as well as social interests. Companies have become more transparent in accounting and display 'public reporting' due to pressures from various stakeholders. They have started incorporating their CSR initiative in their annual reports. Several terms have been used interchangeably with CSR. They include business ethics, corporate citizenship, corporate accountability, sustainability and corporate responsibility. In its broadest categories, CSR typically includes issues related to business ethics, community investment, environment, governance, human rights, the marketplace and the workplace.

### **Need for CSR**

Companies have started to realise the importance of CSR and initiating

the steps towards it. Today, the objectives of the companies are not limited to profit maximisation but at the same time ensure environmental protection, promotion of social responsibility including consumer interest. It will lead to good public image which in turn have positive impact on the wealth of the organisation.

At the core of the concept lies the responsibility of companies towards people, society and the environment that are affected by their activities. Companies that deal with their social responsibility in a forward-looking manner ensure that becomes an integral aspect of their corporate governance. CSR must be clearly established as a line management responsibility, and followed up on an ongoing basis by the company's senior management and board.

Quite apart from the company's contribution to society through job creation, taxation and generating economic effects, the company can develop products, services, production methods and business practices that promote development. Examples of this include micro credit, mobile telecommunications, solar power and water supply.

### **Benefits of CSR**

- Improved Performance
- Better Risk Management
- Reduced Operating Costs
- Increased Worker Commitment
- Good Relations With Government And Communities
- Enhanced Reputation
- Long-term Return on Investments
- Increased Productivity
- Product safety and quality
- Involvement of corporate in society
- Greater use of resources

### **Issues of CSR**

Many companies think that corporate social responsibility is a tangential issue for their business and customer satisfaction more important for them. They imagine that customer satisfaction is now only about price and service, but they fail to point out on important changes that are taking place worldwide that could blow the business out of the water. The change is named as social responsibility which is an opportunity for the business.

### **• Supply Chain Management**

The implementation of CSR in your business operations is more challenging in India. Only about 10% of the total Indian workforce is employed in formal (organized) companies. A number of companies within these 10%, especially the largest ones, have already implemented a fairly good level of CSR, particularly related to Health, Safety and Environment (HSE). The rest of the workforce is employed by informal (unorganized) companies, or are home-based workers belonging to the vast "peoples' sector".

### **• Role of Government**

In the past, governments have relied on legislation and regulation to deliver social and environmental objectives in the business sector. Shrinking government resources, coupled with a distrust of regulations, has led to the exploration of voluntary and non-regulatory initiatives instead.

### **• Disclosure requirements:**

There is a growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors, and activist organizations.

### **• Customer Interest**

There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey, more than one in five consumers reported having either rewarded or punished companies based on their perceived social performance.

### **• Investor Pressure**

Investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns. The Social Investment Forum reports that in the US in 1999, there was more than \$2 trillion worth of assets invested in portfolios that used screens linked to the environment and social responsibility.

### **• Competitive Labour Markets**

Employees are increasingly looking beyond monetary benefits, and seeking out employers whose operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions.

## **Challenges of CSR**

- Non-Availability of clear Guidelines:**

There are no clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. The scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the larger its CSR programme.

- Lack of Awareness of General Public:**

There is a lack of interest of the general public in participating and contributing to CSR activities of companies. This is because of the fact that there exists little or no knowledge about CSR. The situation is further infuriated by a lack of communication between the companies.

- Issues of Transparency:**

Lack of transparency is one of the key challenges for the corporate as there exists lack of transparency on the part of the small companies as they do not make adequate efforts to disclose information on their programmes, audit issues, impact assessment and utilisation of funds.

- Narrow Perception:**

Non-governmental organisations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more as donor-driven. As a result, Corporates find it hard to decide whether they should participate in such activities at all in medium and long run.

- Lack of harmony on Implementing CSR:**

There is a lack of harmony amongst implementing agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention.

## **CSR in India**

CSR today, is seen as something more far-reaching, engaging at a much wider level with business' operations and relations with communities. It embraces the 'triple bottom line' and requires attention to be paid not only to economic performance, but to environmental and social impacts as well. It is essentially about business' contribution to sustainable development and how best to maximize that contribution.

The world is becoming more aware, thereby emphasizing this concept through an expression of the principle of social responsibility of business and industry. And this trend is no different in India either. Mahatma Gandhi, the charismatic visionary leader who brought the cause of India's independence from British colonial rule, was a person who in several respects was ahead of his time. His view of the ownership of capital was one of trusteeship, motivated by the belief that essentially society was providing capitalists with an opportunity to manage resources that should really be seen as a form of trusteeship on behalf of society in general.

CSR has become increasingly important to companies/businesses over the last few years, with more and more companies responding to stakeholders' calls for increased accountability by incorporating and integrating CSR into their organization/business policies. In time, the public is likely to become increasingly discriminating, less willing to take general claims on trust, and more keen to see specific action. In this case, if companies are to maintain their standing and stake out leadership in the future, CSR cannot be an additional extra - it must run into the core of every business' ethics, and its treatment of employees and customers.

In June 2008, a survey was carried out by TNS India (a research organization) and the Times Foundation with the aim of providing an understanding of the role of corporations in CSR. The findings revealed that over 90 per cent of all major Indian organizations surveyed were involved in CSR initiatives. In fact, the private sector was more involved in CSR activities than the public and government sectors. The leading areas that corporations were involved in were livelihood promotion, education, health, environment, and women's empowerment. Most of CSR ventures were done as internal projects while a small proportion were as direct financial support to voluntary organizations or communities.

Corporates like the Tata Group, the Aditya Birla Group, and Indian Oil Corporation, have been involved in serving the community ever since their inception. Many other organizations have been doing their part for the society through donations and charity events. Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to

support them. These programs, in many cases, are based on a clearly defined social philosophy or are closely aligned with the companies' business expertise. Employees become the backbone of these initiatives and volunteer their time and contribute their skills, to implement them. CSR Programs could range from overall development of a community to supporting specific causes like education, environment, healthcare etc. Best practices by Indian Companies related to CSR are as follows:

- ONGC and Indian Oil Corporation has been spending 0.75-1 % of their net profits on CSR activities.
- SAIL has taken successful actions in environment conservation, health and medical care, education, women upliftment, providing drinking water.
- BHEL & Indian Airlines have been acclaimed for disaster management efforts. BHEL has also adopted 56 villages having nearly 80,000 inhabitants.
- Reliance Industries initiated a project named as "Project- Drishti" to bring back the eyesight of visually challenged Indians from the economically weaker sections of the society.
- Mahindra & Mahindra launched a unique kind of ESOPs- Employee Social Option in order to enable Mahindra employees to involve themselves in socially responsible activities of their choice.
- GlaxoSmithKline Pharmaceuticals? CSR programs primarily focus on health and healthy living. They work in tribal villages where they provide medical check-up and treatment, health camps and health awareness programs.
- Bajaj Electricals Ltd corporate social responsibility activities include Education, Rural Development & Environment.

## Suggestions

- Everyone in the organisation needs to recognise their own role in promoting CSR.

- There should be clear cut statutory guidelines to give a direction to CSR initiatives of companies.
- Companies can set a network of activities to be taken up in a group to tackle major environmental issues.
- Training, conferences and seminars could be organised by companies to disseminate and generate new knowledge and information in this sector.
- Stakeholders should be involved in order to build long term relationships, which would lead to creating a strong image.

## **Conclusion**

The concept of corporate social responsibility is now firmly rooted on the global business agenda. But in order to move from theory to material action, many obstacles need to be overcome. Transparency and dialogue can help to make a business appear more trustworthy, and push up the standards of other organizations at the same time.

Corporate Social Responsibility is the duty of everyone i.e. business corporations, governments, individuals because of the reasons: the income is earned only from the society and therefore it should be given back; thus wealth is meant for use by self and the public; the basic motive behind all types of business is to quench the hunger of the mankind as a whole; the fundamental objective of all business is only to help people. CSR must run into the core of every business? ethics, and its treatment of employees and customers. Thus, CSR is becoming a fast-developing and increasingly competitive field.

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# **“NATURE vs. NURTURE: ARE LEADERS BORN OR DEVELOPED?”**

**G.SANTHOSHI**

**ASST.PROFESSOR**

**APOORVA INSTITUTE OF MANAGEMENT & SCIENCES**

## **Abstract**

The nature vs. nurture debate is a long standing issue not only in relation to leadership, but in general terms as well. Researchers have failed to reach a consensus on whether leadership is an inborn phenomenon or whether it can be learnt. This essay will focus on leadership role occupancy rather than the effectiveness of already appointed leadership. Role occupancy is whether people occupy positions of leadership in organizations. Different theories relating to role occupancy are discussed, detailing evidence supporting these theories. While the theories take centre stage, several aspects of leadership are also discussed.

**Keywords:** Leadership emergence; role occupancy; traits; contexts

## **Introduction**

Leadership is a central component to organizational performance, however the definition remains illusive. Effective and ineffective leadership means different things to different people. Hogan et al. (1994) described leadership as the act of persuading other people in the pursuit of a common goal, a goal that is important for the welfare of the individual and the group as a whole. There lies a multitude of research on the subject of leadership. The underlying topic of discussion in most of the research is whether leadership is influenced by nature or nurture. Are there people predestined for leadership from birth or can people be trained and moulded into leaders? When discussing this, authors may choose to focus on role occupancy, which is whether people occupy positions of leadership in organizations (Arvey et al. 2006), or the effectiveness of those already in leadership positions. With the debate in mind, role occupancy seems to be a better fit as it provides more insight on whether those thought destined to lead actually take up leadership positions. There are different theories that attempt to describe how people come to power; some that originated from analyzing the leaders of early years and others that emerged in contrast to previous expectations.

## **Definitions of Leadership**

Many people believe that leadership is simply being the first, biggest or most powerful. Leadership in organizations has a different and more

meaningful definition. Very simply put, a leader is interpreted as someone who sets direction in an effort and influences people to follow that direction -- the people can be oneself, another individual, a group, an organization or a community. How they set that direction and influence people depends on a variety of factors that we'll consider later on below.

Leadership is “the process of influencing a group in a particular situation at a given point of time and in a specific set of circumstances that stimulates the people to strive willingly to achieve the common objectives and satisfaction with the type of leadership provided”

-JamesGibbon

### **Emergence of Trait Theory**

The trait model of leadership is based on the characteristics of many leaders - both successful and unsuccessful - and is used to predict leadership effectiveness. The resulting lists of traits are then compared to those of potential leaders to assess their likelihood of success or failure. In 1907, Thomas Carlyle proposed the concept that certain individuals were born with traits that predisposed them to leadership roles. This was later coined the great man theory. At the time, however, the world was dominated by men in power and women were not thought of as leaders. Due to this, the findings that resulted were considered flawed and biased. This theory was later replaced by what is now known as the trait theory. The basic assumptions remain unchanged; however the theory does not discriminate according to gender. It asserts that people, both male and female, with a certain set of traits are more likely to emerge as leaders than those without these skills. This theory, however, does not guarantee leadership success, just appointment.

“The most basic approach to understanding leadership began from the assumption that good leadership resides in the innate abilities of certain individuals who were considered to be born leaders” (Linstead et al. 2004, p.327).

The leaders referred to at the time were Gandhi, Winston Churchill, Napoleon Bonaparte, Hitler, Margaret Thatcher and many more. This led to the saying “Great men are born, not made”. The trait theory however did not assert whether these traits were inherited or acquired, just that they are different between leaders and non leaders (Kirkpatrick

& Locke, 1991). The traits identified by Kirkpatrick & Locke (1991) include drive to lead, self confidence, cognitive ability, knowledge of the business, leadership motivation and honesty and integrity. Lord et al. (1986) indeed found that there were certain traits that proved to be good predictors of leadership. They went on further to state that any variability found in the characteristics may have been due to methodological reasons rather than evidence against the trait theory. Judge et al. (2002) conducted a meta-analysis which yielded the results that personality variables are consistently related with leadership emergence and effectiveness. This approach to leadership has been criticized for its simplistic nature and lack of a universal list of traits that can be used to characterize leadership.

**Among the core traits identified are:**

- Achievement drive: High level of effort, high levels of ambition, energy and initiative
- Leadership motivation: an intense desire to lead others to reach shared goals
- Honesty and integrity: trustworthy, reliable, and open
- Self-confidence: Belief in one's self, ideas, and ability
- Cognitive ability: Capable of exercising good judgment, strong analytical abilities, and conceptually skilled
- Knowledge of business: Knowledge of industry and other technical matters
- Emotional Maturity: well adjusted, does not suffer from severe psychological disorders.
- Others: charisma, creativity and flexibility

## **Strengths of Trait Theory**

- It is naturally pleasing theory.
- It is valid as lot of research has validated the foundation and basis of the theory.
- It serves as a yardstick against which the leadership traits of an individual can be assessed.
- It gives a detailed knowledge and understanding of the leader element in the leadership process.

## **Constraints of the Trait Theory**

- There is bound to be some subjective judgment in determining who is regarded as a 'good' or 'successful' leader
- The list of possible traits tends to be very long. More than 100 different traits of successful leaders in various leadership positions have been identified. These descriptions are simply generalities.
- There is also a disagreement over which traits are the most important for an effective leader
- The model attempts to relate physical traits such as, height and weight, to effective leadership. Most of these factors relate to situational factors. For example, a minimum weight and height might be necessary to perform the tasks efficiently in a military leadership position. In business organizations, these are not the requirements to be an effective leader.

## **Advancement from Trait Theory to Contingency Theories**

The subjective nature of the trait theory and the lack of a uniform set of traits that could predict leadership led researchers to same genetic background are more likely to have an equal chance of whether they become leaders or not. Arvey et al. (2006) conducted a study where 238 identical twins were compared with 188 fraternal twins in order to investigate the basis of the trait theory assumption. It was found that 30% of the variance in leadership role occupancy could be explained by genetic factors while the remaining variance was due to environmental factors. This brings to light the notion that the environment in which

the individual is in dictates whether they become a leader to a greater extent than innate qualities do. This concept can be explained by the contingency/situational theories which emphasize context as a key factor in leadership emergence.

### **Integrated Approach**

In recent times, people have begun to think of leaders as people who are in the right place at the right time. The extreme of this notion illustrates that character has absolutely no role to play and anybody in the right conditions can be a leader. This was at its peak in the 1970s when Haney, Banks & Zimbardo (as cited in Haslam, Reicher & Platow, 2011) conducted a prison experiment which concluded that a person thrust into positions of leadership will assume responsibility of the role. This was found because the students assigned as some prison guards acted with cruelty towards those cast as prisoners claiming that they were merely playing the role they were supposed to. Although the above study is an extreme case, the underlying principals remain unchanged; the students acted as their roles dictated. This can be applied to leadership in the way that anyone put into a leadership position will assume this role regardless of any individual characteristics. Generalizing from this study is difficult as it has come under great criticism, both trait and behavioral theories tried to identify the one best leader or style for all situations. By the late 1960s, it became apparent that there is no such universal answer. Predicting leadership success involved something more complex than isolating a few traits or preferable behaviors. It was one thing to say that leadership effectiveness depended on the situation and another to be able to isolate situational conditions. Leadership effectiveness depends on a

#### **combination of the**

- Leader
- Follower
- situation

Both the trait and contingency theories look at leadership as an effect of a single perspective, overlooking the combined effect. A more plausible approach is to look at leadership as an interaction of both nature and nurture. Certain traits may give people the potential to become leaders; however other factors need to present for that individual to actually take up a leadership position. A person does not simply rise to leadership from the mere possession of these traits. Moreover, there is no set of universally agreed upon traits; leadership is an interaction

between the needs of a group and each member's ability to satisfy those needs. An illustration often used is that of Winston Churchill; as an argumentative and opinionated individual, he was considered unsuitable for government. However, during wartime these were the qualities that led him to leadership, but they also got him voted out once the war was over. Therefore, the individual that emerges is one who can best meet the specific demands of that group, and as the needs change so will the leader. Kenny and Zaccaro (1983) conducted a study based on a rotation design where the task and member composition were varied. In this study, leadership emergence was not consistent, proving that rather than one individual with a special set of characteristics emerging as leader, different individuals with different skills that best met with the goals of the group became leader. "I don't think people are born to be a leader, I think that's rubbish. I think it's a developmental thing and a matter of opportunity...you can't just define it as one thing" (cited in Haslam, et al., 2011, p.24).

Therefore, in some situations it is not the traits or the situation the individual is in that matter, but rather the perceptions they portray to the audience. This theory, however, is a relatively new development in leadership and more research needs to be conducted in order for it to have an impact on the leadership literature.

### **Implication of the Theories**

The theories presented above may seem highly theoretical and in need of practical applications in order to expound on the concepts more clearly. The trait theory is one with the most limited applicability; this theory asserts that people are born with characteristics that predispose them to being leader. With this notion, it would be almost impossible to equip people with these skills because these traits are innate and thus cannot be learnt. In relation to the contingency theories, HRM personnel now tend not to only focus on the traits of the potential employee but usually take a holistic approach when deciding who to hire. These days it is common for candidates to undergo a variety of tests and activities before being offered a job, from personality tests to cognitive ability tests and some even give case study exercises to evaluate how they would in different situations handle the given cases. A rather undermined application in organizations refers to the implicit leadership theory; this is that of follower training. Schyns and Meindl (2005) advocate that revealing to followers the errors of their perceptions of leaders, if any, can allow them to have more realistic expectations and therefore are more capable of selecting a competent leader.

Changing shared beliefs and values in an organization is likely to be painstaking and difficult, with many challenges that require perseverance. In addition, the new learning architecture might bring about significant structural changes. Both can result in significant resistance to the CEO's vision of transforming the way the organization trains and develops individuals. The CEO must be able to communicate effectively with others and energize key stakeholders to commit to a shared vision.

Finally, a CEO must possess many personal characteristics (what you might consider to be traits) that followers would expect a leader to possess. Successful learning leaders are most often dynamic, energetic, extroverted and self-confident. They also demonstrate other key traits, including being helpful, understanding, motivated, hard-working, strong, clever and dedicated. Employees expect leaders to exhibit these characteristics, regardless of how effective the leader might be, and those who do not are likely to struggle in a leadership capacity.

### **Developed or innate**

While intelligence is generally thought to be innate, its definition and measurement have been subjects of great debate. Putting aside the arguments about whether intelligence is culturally defined, successful leaders do not need to be geniuses. But they do need to possess strong enough skills in critical thinking, judgment and verbal reasoning to develop and leverage the body of knowledge that is required for their particular area. While there might be a ceiling on the extent to which individuals can develop these skills that is genetically determined, it is likely each of them can be developed and refined through experience and education.

Technical knowledge is acquired through schooling, training and experience and is thus developed. Of course, intelligence sets the stage and influences the extent, retention and ability to leverage learning. The more complicated the learning material, the greater the level of intelligence needed to master and retain the material.

Additionally, personality characteristics such as being charismatic, dynamic, conscientious, extroverted and creative are commonly associated with effective leaders. Although there is some disagreement over how much one's personality is shaped after birth, there is general agreement that personality stabilizes and is set by the time an individual first enters the workplace. Someone who possesses this mix of characteristics is more in line with what a born leader, one whom

others are naturally drawn to, listen to and rally behind

Clearly, certain innate traits might make effective leadership more likely, while other key leadership competencies can be developed. The mix of innate qualities and developed skills truly is what defines an individual's leadership style. According to The Center for Creative Leadership, there are several critical leadership competencies that can be developed. These include self-awareness, self-confidence, systemic thinking, interpersonal/social skills, creative thinking and the ability to learn from experience.

While some people might be born with the ability, for example, to think creatively, the difference between this kind of skill and the aforementioned traits is that they can be developed despite their initial absence. You cannot turn an introvert into an extrovert, but you can teach an introvert to interact more effectively with peers through proper talent management and delegation techniques.

#### Recognition and development

Just as everyone is not a born leader, not everyone can be developed into a leader (or the road to becoming a leader might be longer than the organization is willing to tolerate). Therefore, selection of the right people should be the first part of a two-pronged approach in which recruitment and development operate hand-in-hand to ensure an organization possesses the talent needed to sustain performance and grow. Selecting for competencies that are aligned with the goals and mission of the business, in addition to general competencies that speak to the values of the organization, is critical to drive the organization forward and manage for the future. An organization cannot rely solely on its incumbent workforce as a source for its future leaders - the marketplace is too dynamic, the development process can be lengthy and the requirements are ever-changing.

Leadership development should be viewed as an ongoing process. Although leadership development might take place in classroom settings or in assessment exercises as part of a feedback-intensive program, developing leadership skills occurs over time. As such, developmental experiences should be built in to day-to-day responsibilities.

For example, it is unlikely someone's communication skills can be improved after a two-day workshop. Further, it is important

individuals understand the development of a particular skill will not occur overnight and will require their own commitment to developing the skill. Individuals must be taught techniques that can be practiced through everyday work, allowing them to apply the lessons learned and monitor their own development.

Leadership development techniques such as 360-degree feedback and coaching can be quite effective for identifying growth opportunities and developing the required competencies. With 360-degree feedback tools, feedback is gathered from the leader's manager, peers, co-workers, direct reports and, sometimes, customers, and it is presented back to the individual. A 360 can be an effective method to identify deficiencies in key competencies such as strategic leadership and communication skills. This sort of tool serves to enhance self-awareness, and it lays the foundation for meaningful change.

An awareness of oneself and one's impact on others is a critical characteristic that many managers lack. For leadership, perception is reality. Managers who lack self-awareness often fail to uncover and understand the source of organizational resistance to their initiatives. Charisma can take a leader only so far. Targeted self-reflection, such as that provided by 360-degree feedback and associated coaching, allows a leader to meaningfully address those innate or developed characteristics that are suppressing full potential. Executive coaching can be a very effective method for alleviating critical skill deficiencies. Other techniques such as developmental assessment centers, stretch assignments and mentoring also can be effective methods for developing leadership skills.

### Finding the Right Fit

Leadership is obviously an extremely complex concept. To anoint a person as a born leader suggests this person would be successful in any situation. But leadership does not exist in a vacuum, nor does the organization in which the leader will function. In this case, a dynamic leader might not be necessary, and the ability to strategize and implement learning structures would be more critical. Sometimes, leadership arises out of times of crisis, when significant upheaval is necessary for survival. In this situation, a dynamic and bold decision-maker might be necessary. Therefore, traits are important, but they are not universally important for all situations.

So, is a leader born or bred? It is almost impossible to imagine how a

business leader could be effective managing complex organizational initiatives without possessing a certain amount of organizational savvy or technical knowledge, both of which are clearly acquired through classroom and hands-on learning.

One's interest and ability to develop these skills, however, might be genetically determined. Genetic predispositions certainly aid in the developmental process but are not sufficient on their own to create great leaders. It is important to recognize that leadership is multifaceted in terms of traits and characteristics, and the right mix of these traits and characteristics will depend on the organizational structure and overall environment in which the leader will be expected to operate. Therefore, the best strategy is to focus on finding and developing leaders who fit with the needs and values of the organization.

### **Conclusion**

- Although it is clear that leaders possess certain qualities that make them stand out, the evidence suggests that it is not because they were destined for such positions.
- Even born leaders require development along the way to fit in with the situational requirements of the organization and its mission.
- Identifying the key leadership requirements of the organization and then developing the leadership profile(s) that will carry the organization forward in achieving its goals.

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## **"Banking Industry In India & The Role Of RBI"**

*Prof. CH.PRAVEEN*

*Asst. Professor*

*Apoorva Institute Of Management & Sciences*

### **Abstract:**

The banking industry in India has a huge canvas of history, which covers the traditional banking Practices from the time of Britishers to the reforms period, nationalization to privatization of banks and now increasing numbers of foreign banks in India. Therefore, Banking in India has been through a long journey. Banking industry in India has also achieved a new height with the Changing times. The use of technology has brought a revolution in the working style of the banks. Nevertheless, the fundamental aspects of banking i.e. trust and the confidence of the people on the institution remain the same. The majority of the banks are still successful in keeping with the confidence of the shareholders as well as other stakeholders. However, with the changing Dynamics of banking business brings new kind of risk exposure.

In this paper an attempt has been made to identify the, present scenario, challenges and opportunities for the Indian Banking Industry and the role of RBI. This article is divided in three parts. First part includes the introduction and present scenario of Indian banking industry. And the various challenges and opportunities faced by Indian banking industry. Second part explains the role of RBI in Indian banking industry and third part concludes that urgent emphasis is required on the Indian banking product and marketing strategies in order to get sustainable competitive edge over the intense competition from national and global banks.

**Keywords:** banking, customer satisfaction, customer service, RBI

### **INTRODUCTION:**

In recent time, we has witnessed that the World Economy is passing through some intricate circumstances as bankruptcy of banking & financial institutions, debt crisis in major economies of the world and euro zone crisis. The scenario has become very uncertain causing recession in major economies like US and Europe. This poses some serious questions about the survival, growth and maintaining the

sustainable development. However, amidst all this turmoil India's Banking Industry has been amongst the few to maintain resilience. The tempo of development for the Indian banking industry has been remarkable over the past decade. It is evident from the higher pace of credit expansion; expanding profitability and productivity similar to banks in developed markets, lower incidence of non- performing assets and focus on financial inclusion have contributed to making Indian banking vibrant and strong. Indian banks have begun to revise their growth approach and re-evaluate the prospects on hand to keep the economy rolling. In this paper an attempt has been made to review various challenges which are likely to be faced by Indian banking industry.

### **BANKING IN INDIA:**

Bank of Hindustan was set up in 1870; it was the earliest Indian Bank. Later, three presidency Banks under Presidency Bank's act 1876 i.e. Bank of Calcutta, Bank of Bombay and Bank of Madras was set up, which laid foundation for modern banking in India. In 1921, all presidency Banks were amalgamated to form the Imperial Bank of India. Imperial bank carried out limited number of central banking functions prior to establishment of RBI. It engaged in all types of Commercial banking business except dealing in foreign exchange.

Reserve Bank of India Act was passed in 1934 & Reserve Bank of India (RBI) was constituted as an apex body without major government ownership. Banking Regulations Act was passed in 1949. This regulation brought RBI under government control. Under the act, RBI got wide ranging powers for supervision & control of banks. The Act also vested licensing powers & the authority to conduct inspections in RBI. In 1955, RBI acquired control of the Imperial Bank of India, which was renamed as State Bank of India. In 1959, SBI took over control of eight private banks floated in the erstwhile princely states, making them as its 100% subsidiaries. It was 1960, when RBI was empowered to force compulsory merger of weak banks with the strong ones. It significantly reduced the total number of banks from 566 in 1951 to 85 in 1969. In July 1969, government nationalized 14 banks having deposits of Rs. 50 crores & above. In 1980, Government acquired 6 more banks with deposits of more than Rs.200 crores. Nationalization of Banks were to make them play the role of catalytic agents for economic growth. The Narasimha Committee report suggested wide ranging reforms for the banking sector in 1992 to introduce internationally accepted banking

practices. The amendment of Banking Regulation Act in 1993 saw the entry of new private sector banks. Banking industry is the back bone for growth of any economy. The journey of Indian Banking Industry has faced many waves of economic crisis. Recently, we have seen the economic crisis of US in 2008-09 and now the European crisis. The general scenario of the world economy is very critical. It is the banking rules and regulation framework of India which has prevented it from the world economic crisis. In order to understand the challenges and opportunities of Indian Banking Industry, first of all, we need to understand the present scenario of Indian Banking Industry

#### **Present scenario:**

Today role of banking industry is very important as one of the leading and mostly essential service sector. India is the largest economy in the world having more than 110 crore population. Today in India the service sector is contributing half of the Indian GDP and the banking is most popular service sector in India. The significant role of banking industry is essential to speed up the social economic development.

#### **Progress of Indian Banking** (Up to 31st March 2009.)

Sr. No.	Type of Banks	Branches
01	Nationalized Banks	39376
02	State Banks	16062
03	Old Private Sector Banks	4673
04	New Private Sector Banks	4204
05	Foreign Banks	293
	Total	64608

(Source: - [www.rbi website](http://www.rbi.org.in))

The present banking scenario provides a lot of opportunities as well as facing lot of challenges also. In the past few years we observed that there was lot of down and up trends in banking sector due to the global finance crisis. In India it has not major affected but in America still the economy is under the pressure of economic crisis. India is being fundamentally strong supported by concrete economic policies, decisions and implementations by the Indian Government i.e. Prime Minister Dr. Manmohan Singh. Banking sector is not major affected but definitely there was reflection on the share market.

To improve major areas of banking sector Govt. of India, RBI, Ministry of finance has made several notable efforts. Many of leading banks operating in market have made use of the changed rules and regulations such as CRR, Interest Rates Special offers to the customers such as to open account in zero balance. Now days almost all banks entered into all areas of banking services. As a result of innovation banking products are a reality now. Even saving accounts have become subject of innovation. Due to liberalization, Privatization and Globalization, Indian banks going global and many global banks setting up shops in India.

### **Challenges:-**

#### **1) Customer Satisfaction:-**

Today in sector customers are more value oriented in their services because they have alternative choices in it. So that each and every bank have to take care about fulfill of our customers satisfaction.

#### **2) To provide several personnel services:-**

The preset times demanded that banks are to provide several services for which they have to expanse in service, social banking with financial possibilities, selective up gradation, computerization and innovative mechanization, better customer services, effective managerial culture, internal supervision and control, adequate profitability, strong organization culture etc. Therefore banks must be able to provide complete personal service to the customers who come with expectations.

#### **3) Nonperforming assets (N.P.A):-**

Nonperforming assets are another challenge to the banking sector. Vehicle loans and unsecured loans increases N.P.A. which terms 50% of banks retail portfolio was also hit due to upward movement in interest rates, restrictions on collection practices and soaring real estate prices. So that every bank have to take care about regular repayment of loans.

#### **4) Competition:-**

The nationalize banks and commercial banks have the competition from foreign and new private sector banks. Competition in banking sector brings various challenges before the banks such as product positioning, innovative ideas and channels, new market trends, cross selling at managerial and organizational part this system needs to be manage, assets and contain risk. Banks are restricting their administrative folio by converting manpower into machine power i.e. banks are decreasing

manual powers and getting maximum work done through machine power. Skilled and specialized man power is to be utilized and result oriented targeted staff will be appointed.

### **5) Managing Technology:-**

Developing or acquiring the right technology, deploying it optimally and then leveraging it to the maximum extent is essential to achieve and maintain high service and efficiency standards while remaining cost effective and delivering sustainable return to shareholders. Early adopters of technology acquire significant competitive advances. Managing technology is therefore, a key challenge for the Indian banking sector.

### **6) Other Challenges:-**

- a) Coping with regulatory reforms
- b) Development of skill of bank personnel
- c) Customer awareness and satisfaction
- d) Corporate governance

### **Opportunities:**

Where there are challenges, there must opportunities. Following are the opportunities for the nationalized and commercial banks.

#### **1) Rural area customers:-**

Contributing to 70% of the total population in India is a largely untapped market for banking sector. In all urban areas banking services entered but only few big villages have the banks entered. So that the banks must reach in remaining all villages because majority of Indian still living in rural areas.

#### **2) Offering various Channels:-**

Banks can offer so many channels to access their banking and other services such as ATM, Local branches, Telephone/mobile banking, video banking etc to increase the banking business.

#### **3) Good Customer Services:-**

Good customer services are the best brand ambassador for any bank for growing its business. Every engagement with customer is an opportunity to develop a customer faith in the bank. While increasing competition customer services has become the backbone for judging the performance of banks.

#### **4) Internet Banking:-**

It is clear that online finance will pickup and there will be increasing convergence in terms of product offerings banking services, share trading, insurance, loans, based on the data warehousing and data mining technologies. Anytime anywhere banking will become common and will have to upscale, such upscaleing could include banks launching separate internet banking services apart from traditional banking services.

#### **5) Other Opportunities:-**

- a) To enter new business and new markets
- b) To develop new ways of working
- c) To deliver high level of customer services.

#### **ROLE OF RBI:**

The central bank of the country is the Reserve Bank of India (RBI). It was established in April 1935 with a share capital of Rs. 5 crores on the basis of the recommendations of the Hilton Young Commission. The share capital was divided into shares of Rs. 100 each fully paid which was entirely owned by private shareholders in the beginning. The Government held shares of nominal value of Rs. 2,20,000.

Reserve Bank of India was nationalized in the year 1949. The general superintendence and direction of the Bank is entrusted to Central Board of Directors of 20 members, the Governor and four Deputy Governors, one Government official from the Ministry of Finance, ten nominated Directors by the Government to give representation to important elements in the economic life of the country, and four nominated Directors by the Central Government to represent the four local Boards with the headquarters at Mumbai, Kolkata, Chennai and New Delhi. Local Boards consist of five members each Central Government appointed for a term of four years to represent territorial and economic interests and the interests of co-operative and indigenous banks.

The Reserve Bank of India Act, 1934 was commenced on April 1, 1935. The Act, 1934 (II of 1934) provides the statutory basis of the functioning of the Bank. The Bank was constituted for the need of following:

- To regulate the issue of banknotes
- To maintain reserves with a view to securing monetary stability and
- To operate the credit and currency system of the country to its advantage.

### **Functions of Reserve Bank of India:**

The Reserve Bank of India Act of 1934 entrust all the important functions of a central bank the Reserve Bank of India.

#### **Bank of Issue:**

Under Section 22 of the Reserve Bank of India Act, the Bank has the sole right to issue bank notes of all denominations. The distribution of one rupee notes and coins and small coins all over the country is undertaken by the Reserve Bank as agent of the Government. The Reserve Bank has a separate Issue Department which is entrusted with the issue of currency notes. The assets and liabilities of the Issue Department are kept separate from those of the Banking Department. Originally, the assets of the Issue Department were to consist of not less than two-fifths of gold coin, gold bullion or sterling securities provided the amount of gold was not less than Rs. 40 crores in value. The remaining three-fifths of the assets might be held in rupee coins, Government of India rupee securities, eligible bills of exchange and promissory notes payable in India. Due to the exigencies of the Second World War and the post-war period, these provisions were considerably modified. Since 1957, the Reserve Bank of India is required to maintain gold and foreign exchange reserves of Ra. 200 crores, of which at least Rs. 115 crores should be in gold. The system as it exists today is known as the minimum reserve system.

exchange remittances and other banking operations. The Reserve Bank of India helps the Government - both the Union and the States to float new loans and to manage public debt. The Bank makes ways and means advances to the Governments for 90 days. It makes loans and advances to the States and local authorities. It acts as adviser to the Government on all monetary and banking matters.

#### **Bankers' Bank and Lender of the Last Resort:**

The Reserve Bank of India acts as the bankers' bank. According to the provisions of the Banking Companies Act of 1949, every scheduled bank was required to maintain with the Reserve Bank a cash balance equivalent to 5% of its demand liabilities and 2 per cent of its time liabilities in India. By an amendment of 1962, the distinction between demand and time liabilities was abolished and banks have been asked to keep cash reserves equal to 3 per cent of their aggregate deposit liabilities. The minimum cash requirements can be changed by the Reserve Bank of India. The scheduled banks can borrow from the Reserve Bank of India on the basis of eligible securities or get financial

accommodation in times of need or stringency by rediscounting bills of exchange. Since commercial banks can always expect the Reserve Bank of India to come to their help in times of banking crisis the Reserve Bank becomes not only the banker's bank but also the lender of the last resort.

### **Controller of Credit:**

The Reserve Bank of India is the controller of credit i.e. it has the power to influence the volume of credit created by banks in India. It can do so through changing the Bank rate or through open market operations. According to the Banking Regulation Act of 1949, the Reserve Bank of India can ask any particular bank or the whole banking system not to lend to particular groups or persons on the basis of certain types of securities. Since 1956, selective controls of credit are increasingly being used by the Reserve Bank.

The Reserve Bank of India is armed with many more powers to control the Indian money market. Every bank has to get a license from the Reserve Bank of India to do banking business within India, the license can be cancelled by the Reserve Bank of certain stipulated conditions are not fulfilled. Every bank will have to get the permission of the Reserve Bank before it can open a new branch. Each scheduled bank must send a weekly return to the Reserve Bank showing, in detail, its assets and liabilities. This power of the Bank to call for information is also intended to give it effective control of the credit system. The Reserve Bank has also the power to inspect the accounts of any commercial bank. As supreme banking authority in the country, the Reserve Bank of India, therefore, has the following powers:

- (a) It holds the cash reserves of all the scheduled banks.
- (b) It controls the credit operations of banks through quantitative and qualitative controls.
- (c) It controls the banking system through the system of licensing, inspection and calling for information.
- (d) It acts as the lender of the last resort by providing rediscount facilities to scheduled banks.

### **Supervisory functions:**

In addition to its traditional central banking functions, the Reserve bank has certain non-monetary functions of the nature of supervision of banks and promotion of sound banking in India. The Reserve Bank Act, 1934, and the Banking Regulation Act, 1949 have given the RBI wide powers of supervision and control over commercial and co-operative banks, relating to licensing and establishments, branch expansion, liquidity of their assets, management and methods of working, amalgamation, reconstruction, and liquidation. The RBI is authorized to carry out periodical inspections of the banks and to call for returns and necessary information from them. The nationalization of 14 major Indian scheduled banks in July 1969 has imposed new responsibilities on the RBI for directing the growth of banking and credit policies towards more rapid development of the economy and realization of certain desired social objectives. The supervisory functions of the RBI have helped a great deal in improving the standard of banking in India.

### **Promotional functions:**

With economic growth assuming a new urgency since Independence, the range of the Reserve Bank's functions has steadily widened. The Bank now performs a variety of developmental and promotional functions, which, at one time, were regarded as outside the normal scope of central banking. The Reserve Bank was asked to promote banking habit, extend banking facilities to rural and semi-urban areas, and establish and promote new specialized financing agencies. Accordingly, the Reserve Bank has helped in the setting up of the IFCI and the SFC; it set up the Deposit Insurance Corporation in 1962, the Unit Trust of India in 1964, the Industrial Development Bank of India also in 1964, the Agricultural Refinance Corporation of India in 1963 and the Industrial Reconstruction Corporation of India in 1972. These institutions were set up directly or indirectly by the Reserve Bank to promote saving habit and to mobilize savings, and to provide industrial finance as well as agricultural finance. As far back as 1935, the Reserve Bank of India set up the Agricultural Credit Department to provide agricultural credit. But only since 1951 the Bank's role in this field has become extremely important. The Bank has developed the co-operative credit movement to encourage saving, to eliminate moneylenders from the villages and to route its short term credit to agriculture. The RBI has set up the Agricultural Refinance and Development Corporation to provide long-term finance to farmers.

## **CONCLUSION:**

Over the years, it has been observed that clouds of trepidation and drops of growth are two important phenomena of market, which frequently changes in different sets of conditions. The pre and post liberalization era has witnessed various environmental changes which directly affects the aforesaid phenomena. It is evident that post liberalization era has spread new colors of Growth in India, but simultaneously it has also posed some challenges. This article discusses the various challenges and opportunities like, customer satisfaction, competition, non performing assets, managing technology, rural area customers, good customer services, internet banking Banks are striving to combat the competition. The competition from global banks and technological innovation has compelled the banks to rethink their policies and strategies.

## **SUGGESTIONS:**

As per the above discussion, we can say that the biggest challenge for banking industry is to serve the mass market of India. Companies have shifted their focus from product to customer. The better we understand our customers, the more successful we will be in meeting their needs. In order to mitigate above mentioned challenges Indian banks must cut their cost of their Services. Another aspect to encounter the challenges is product differentiation. Apart from Traditional banking services, Indian banks must adopt some product innovation so that they can compete in gamut of competition. Technology up gradation is an inevitable aspect to face Challenges. The level of consumer awareness is significantly higher as compared to previous years. Now-adays they need internet banking, mobile banking and ATM services. Expansion of branch size in order to increase market share is another tool to combat competitors. Therefore, Indian nationalized and private sector banks must spread their wings towards global markets as some of them have already done it. Indian banks are trustworthy brands in Indian market; therefore, these banks must utilize their brand equity as it is a valuable asset for them.

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## **"An Evaluation of Financial Innovation-Project Green"**

*Dr Rashmi Soni*

*Professor & Dean (Academics)*

*Oriental Institute of Management*

### **Abstract:-**

Financial Innovations can be grouped by a functional basis, "aggressive" or "defensive". Aggressive innovation is the introduction of a new product or process, in response to perceived demand. Defensive innovation is in response to changed environment or transaction cost. Financial innovations lower the transaction cost of transferring funds from lower yielding money balances to higher yielding alternatives.

This paper will provide a detailed conceptual understanding on the innovative instruments upcoming in the emerging field of green technology. Like GREEN CREDIT CARDS : The philosophy behind environmental credit cards is that cardholders can contribute to environmental research and green projects while also earning rewards points redeemable for cash and green products. CARBON CREDIT: It is a permit that allows the holder to emit one ton of carbon dioxide. Credits are awarded to countries or groups that have reduced their green house gases below their emission quota. Carbon credits can be traded in the international market at their current market price. GREEN BONDS: These funds are used to invest in emission reduction projects in developing countries, including solar and wind energy projects, upgrades to existing power plants, and forestry protection initiatives. GREEN FUND: It is a £100 million fund that will invest in climate change projects across Greater London such as waste, energy efficiency and decentralized energy. This paper also covers the issues related to garnering support for such instruments from investors.

**Key Words-** Innovation, environment, Green credit cards, Carbon credit, Green bonds, Green fund.

### **Introduction**

Financial Innovations can be grouped by a functional basis, "aggressive" or "defensive". Aggressive innovation is the introduction of a new product or process, in response to perceived demand. A very large part of innovation since at least the late 1970s is aggressive innovation. Defensive innovation is in response to changed environment or transaction cost. Therefore, with financial innovations market participants attempt to minimize risk and to maximize return.(James C. Van Horne)

Climate change affects all of us. But it is expected to hit developing countries the hardest. Its potential effects on temperatures, precipitation patterns, sea levels, and frequency of weather-related disasters pose risks for agriculture, food, and water supplies. At stake are recent gains in the fight against poverty, hunger and disease, and the lives and livelihoods of people in developing countries. Tackling this immense challenge must involve both mitigation to avoid the unmanageable and adaptation to manage the unavoidable all while maintaining a focus on its social dimensions. Addressing climate change requires unprecedented global cooperation across borders. ([www.worldbank.org](http://www.worldbank.org))

### **Difference between Green Investing and Social Investing**

**Green Investing:** Mainly focused on investing in companies that are deemed to be good for the environment. These companies have a track record of reducing their operational impacts on environment and offer alternative technologies such as wind and solar power.

**Social Investing:** Focused on companies having social benefits and engaging in charitable activities. Companies such as those dealing with alcohol, tobacco and defense are not included.

**A Green fund** can come in the form of a focused investment vehicle for companies engaged in environmentally supportive businesses, such as alternative energy, green transport, water and waste management, and sustainable living. Pure play green investments are those that derive all or most of their revenues and profits from green activities. Green investments can also be made in companies that have other lines of business but are focusing on green based initiatives or product lines. (Daniel C. Esty, Andrew S. Winston)

**Carbon credits** are those which allow the holder to emit one ton of carbon dioxide. Credits are awarded to countries or groups that have reduced their green house gases below their emission quota. Green bonds are used to invest in emission reduction projects in developing countries, including solar and wind energy projects, upgrades to existing power plants, and forestry protection initiatives. The philosophy behind the environmental **Green credit cards** is that cardholders can contribute to environmental research and green projects while also earning reward points redeemable for cash and green products.

**Carbon credit** is a permit that allows the holder to emit one ton of carbon dioxide. Credits are awarded to countries or groups that have reduced their green house gases below their emission quota. Carbon credits can be traded in the international market at their current market price.

There are two distinct types of Carbon Credits:

1. Carbon Offset Credits (COC's)
2. Carbon Reduction Credits (CRC's)

A carbon footprint is "the total set of greenhouse gas (GHG) emissions caused by an organization, event or product". For simplicity of reporting, it is often expressed in terms of the amount of carbon dioxide, or its equivalent of other GHGs, emitted. Carbon Trade is an idea presented in response to the Kyoto Protocol that involves the trading of greenhouse gas (GHG) emission rights between nations.

For example, if Country X exceeds its capacity of GHG and Country Y has a surplus of capacity, a monetary agreement could be made that would see Country X pay Country Y for the right to use its surplus capacity available?

### **Consequences for the environmental policy (Worldwide perspective)**

If emissions are not made costly everywhere in the world, there is a possible delocalization of emissions (carbon leakage)

### **How does the CDM affect developing countries?**

At present, developing countries have no obligations to constrain their GHG emissions. But they are still able, on a voluntary basis, to contribute to global emission reductions by hosting projects under the Clean Development Mechanism.

#### **The CDM has two key goals:**

- To assist developing countries who host CDM projects to achieve sustainable development;
- To provide developed countries with flexibility for achieving their emission reduction targets, by allowing them to take credits from emission reducing projects undertaken in developing countries.

The greenhouse gas benefits of each CDM project will be measured according to internationally agreed methods and will be quantified in standard units, to be known as 'Certified Emission Reductions' (CERs). These are expressed in tons of CO<sub>2</sub> emission avoided. When the Kyoto Protocol becomes fully operational, it is anticipated that these 'carbon credits' will be bought and sold in a new environmental market they are already becoming a commodity.

**The Kyoto mechanisms to control emission are:**

- 1.Emissions Trading
- 2.The Clean Development Mechanism (CDM)
- 3.Joint Implementation (JI)

Under International **Emissions Trading** (IET) countries can trade in the international carbon credit market to cover their shortfall in allowances. Countries with surplus credits can sell them to countries with capped emission commitments under the Kyoto Protocol. Carbon, like any other commodity, has begun to be traded on India's Multi Commodity Exchange and has become first exchange in Asia to trade carbon credits.

Under the **Clean Development Mechanism** (CDM), a developed country can 'sponsor' a greenhouse gas reduction project in a developing country where the cost of greenhouse gas reduction project activities is usually much lower, but the atmospheric effect is globally equivalent. The developed country would be given credits for meeting its emission reduction targets, while the developing country would receive the capital investment and clean technology or beneficial change in land use. Projects which are compliant with the requirements of the CDM mechanism generate Certified Emissions Reductions (CERs).

Under **Joint Implementation** (JI) a developed country with relatively high costs of domestic greenhouse reduction would set up a project in another developed country. Projects which are compliant with the requirements of the JI mechanism generate Emissions Reduction Units (ERUs).

**Each step goes a long way.....**

A lot of emissions come from just being inefficient or not deliberate with our daily decisions. Every day think about how you could reduce the miles you drive and pretty soon you'll start identifying lots of opportunities:

## **Tips to reduce the Carbon Footprint of Car**

Maintenance: Keep the car tuned up and running efficiently.

**Drive better:** Studies have shown up to 30% of the difference in mpg is due to driving habits alone. We could save more than a ton of CO<sub>2</sub> per year.

## **Tips to reduce the Carbon Footprint of Travel**

**Carpool:** Just once a week saves 20%.

**While you're away** - Turn your stuff off. Turn down your thermostat and your water heater; turn off your electronics (even smarter: unplug them to protect from electrical storms).

## **Tips to reduce the Carbon Footprint of Home**

**Programmable thermostat:** Costs about \$50 or less and saves more in the long run.

Making use of CFL's helps to contribute towards making the environment a greener place.

**Insulation:** Weather stripping, caulking and insulation work together to save energy, improve the comfort of our home, make it quieter and help save money.

**Showerheads:** These keep the pressure firm while reducing hot water bill. The same world level of emissions could be reached at a lower overall cost (efficiency loss).

## **GREEN FUNDS:**

A green fund's strategy can be based on avoiding negative company criteria (businesses such as guns, alcohol, gambling, pornography, animal testing, etc.), choosing positive company criteria (environmental programs, energy conservation, fair trade, etc.), or a combination of both strategies. Investment activities that focus on companies or projects that are committed to the conservation of natural resources, the production and discovery of alternative energy sources, the implementation of clean air and water projects, and/or other environmentally conscious business practices.

Green investing can be accomplished through individual securities or through pooled investment vehicles such as mutual funds or exchange-traded funds. This style of investing is an offshoot of socially conscious investing, but neither type of investing implies investments that are safer than a market index such as the S&P 500.

The London Green Fund is a £100 million fund that will invest in climate change projects across Greater London such as waste, energy efficiency and decentralized energy. The fund is part of the European Investment Bank and European Commission's Joint European Support for Sustainable Investment in City Areas (JESSICA) initiative and has the broad remit of providing debt, equity and guarantee investment to support climate change infrastructure projects through urban development funds.

The call for expressions of interest will seek applicants to manage the Energy Efficiency Urban Development Fund. The focus of the fund will be to invest in urban projects that involve:

The adaptation and/or refurbishment of existing public and/or voluntary sector buildings to make them more energy efficient, sustainable and environmentally friendly; and/or,

- Improvements to existing social housing properties to make them more energy efficient.
- It is anticipated that the urban development fund will invest primarily through debt (senior, junior or mezzanine) although the use of equity-type instruments has not been specifically excluded.

### **GREEN BONDS**

These are tax-exempt bond which is issued by federally qualified organizations and/or municipalities for the development of Brownfield sites. Brownfield sites are areas of land that are underutilized, have abandoned buildings, or are under developed. They often contain low levels of industrial pollution. Green Bonds are otherwise called **Qualified Green Building and Sustainable Design Project Bonds**.

These bonds are created to encourage sustainability and the development of Brownfield sites. The tax-exempt status makes purchasing a green bond a more attractive investment when compared to a comparable taxable bond. To qualify for green bond status the development must take the form of any of the following.

- At least 75% of the building is registered for LEED certification.
- The development project will receive at least \$5 million from the municipality

or State, and

The building is at least one million square feet in size, or 20 acres in size.

The World Bank Green Bond raises funds from fixed income investors to support the World Bank lending for eligible projects that seek to mitigate climate change or help affected people adapt to it. Since 2008, the World Bank has issued an equivalent of approximately USD 1.6 billion in Green Bonds. Eligible projects are selected by World Bank environment specialists and meet specific criteria for low-carbon development. Examples of the types of eligible mitigation projects are the following:

- Solar and wind installations;
- Funding for new technologies that result in significant reductions in greenhouse gas emissions (GHG).
- Rehabilitation of power plants and transmission facilities to reduce GHG emissions.
- Greater efficiency in transportation, including fuel switching and mass transport.
- Waste (methane emission) management and construction of energy efficient buildings.
- Carbon reduction through reforestation and avoided deforestation.

For investors, these bonds are an opportunity to invest in climate solutions through a triple-A rated fixed income product. The credit quality of the Green Bonds is the same as for any other World Bank bonds. Repayment of the bond is not linked to the credit or performance of the projects, and investors do not assume the specific project risk. Investors benefit from the AAA/Aaa credit of the World Bank, as well as from the due diligence process of the World Bank for its activities.

### **GREEN CREDIT CARDS**

One of the latest trends in the green movement is the advent of eco-friendly credit cards. The philosophy behind environmental credit cards is that cardholders can contribute to environmental research and green

projects while also earning rewards points redeemable for cash and green products.

### **The Brighter Planet Visa**

Issued by Bank of America, the Brighter Planet Visa allows cardholders to earn one Earth Smart point for every dollar spent. These points are used to fund carbon offset efforts and a percentage of every purchase made with the card goes toward domestic renewable energy projects. Cardholders earn 1,000 bonus points for their first purchase and an additional 1,000 points if they opt for paperless statements. By enrolling in Bank of America's Add It up Program, cardholders can also earn up to twenty percent cash back. There is no annual fee.

### **The Nature Conservancy Visa**

This is also issued by Bank of America, the Nature Conservancy Visa help support tree-planting efforts as part of the Conservancy's Plant a Billion Trees Project currently underway in the Atlantic Forest of Brazil. Every dollar spent earns one World Point which may be used for cash, travel, or green merchandise and cardholders also receive a free one-year membership to the Nature Conservancy. The Conservancy also receives a \$65 donation for every new account opened.

### **HSBC Ecosmart MasterCard**

It allows earning rewards points which may be converted to charitable donations to green causes. One point is earned for every dollar spent and in addition to charitable donations, points may also be redeemed for eco-friendly merchandise, cash, or travel rewards.

### **GE Money Earth Rewards**

GE Money released the Earth Rewards card in 2007 allowing consumers to appoint one percent of their purchases to fund projects that offset carbon dioxide emissions. All of the generated offsets get pooled and then annually, on Earth Day, GE says they will invest them in legitimate carbon offset projects.

### **Triodos Eco Visa Card**

This is said to be one of the best green credit cards currently in use. The Triodos Eco Visa Card aims to offset 1 ton of each of their cardholder's carbon emissions per year (if used for more than five transactions per month), which is equivalent to the energy needed to provide heat and water for a one bedroom flat. When cardholders make their first purchase they will plant a tree in the Triodos Forest in Albacete, Spain.

Triodos are themselves carbon neutral having offset emissions, going paper-free and using renewable energy to power their offices.

**The top Green Industries are:**

1. Wind: Windmill farms are sprouting up around the world. This business deals not only in sale and generation of power, but also design and construction of wind turbines.
2. Water: These companies deal with distribution of clean water and also making water purification systems that enable clean drinking water.
3. Solar energy: The cost of fossil fuels is rising and their availability is decreasing, hence the future is bright for this industry.
4. Fuel Cells: Fuel cell technology is that wave of the future which aims at developing a new method of powering automobiles.
5. Efficiency: Energy efficient construction and appliances are gaining more popularity and hence have a bright future.
6. Pollution Controls – The activities of this industry range from reducing green-house gas emissions of industrial power plants to emissions from automobiles.
7. Waste reduction – Recycling has gained great importance these days. A wide variety of products are recycled ranging from old batteries, phones, waste oil, vegetable oil and parts of cars. All these have a great business.
8. Organics – These firms prevent the use of pesticides, engage in sustainable farming practices and sell products that are healthier to eat. They also engage in animal management practices and keep chemicals out of the food chain.

**Challenges to infrastructure development in moving towards low carbon economy**

- Acquiring from developed countries the needed technologies.
- A low-carbon economy is still in its experimentation stage and the cost of developing some of its technologies is still high.

- A country whose natural resources mostly contain high carbon content such as coal, developing a low-carbon economy is even more complicated.
- Public acceptability is a major obstacle.

### **Regulatory Issues related to Financial Innovation**

Financial Innovations are neither inherently good nor inherently bad. Many innovations prove to be beneficial, on net, but some others result in adverse conditions. The potential for possibly severe outcomes sounds a note of caution regarding innovative activities and may argue against adopting a completely hands-off approach. That said, it is no easy task to move from expressions of concern about potential harm from innovations to a concrete financial innovation policy. At a minimum, authorities must ensure that the infrastructure needed to support innovative activities in finance is in place and functioning properly. (Stephen A. Lumpkin)

### **Measures needed to enable the system to accommodate innovation**

The current institutional framework cannot manage innovative activities in an acceptable way. In particular it does not seem to provide for adequate protection of consumers and avoidance of systemic near meltdowns. To do so effectively it would require case-by-case assessments of innovations.

### **Measures needed to prepare the system for innovative activities**

Step 1 Adopt an unbiased stance.

Step 2 Ensure that the necessary framework conditions for markets to function properly are in place.

Step 3 Acknowledge that there is no one policy measure that can be considered optimal in all circumstances.

Step 4 Ensure that the policy instruments needed to achieve incentive compatible objectives are in the tool kit.

Step 5 Ensure regulators and supervisors have the requisite skills and experience.

Step 6 Ensure a proper balance between regulation and governance.

### **Conclusion:**

For most of history, business and the environment have been in strict opposition. Poisoned water, dirty air, decimated landscapes and global warming can all be traced to standard business practices. From Chernobyl in the Ukraine to brown fields in the United States, the results are on display for all to see. Taken individually, these issues attract relatively little attention, but global warming has increased awareness of environmental concerns and begun to impact business practices because it is having an impact on profits. Green investing has been on the lips of CEOs and investors for a decade now and will be a major concern in the future too. Not all innovations are necessary for the growth and development of the economy. The benefits to the system are from 'positive' innovations and green investments are the right way to go about it.

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## **"Effect Of Employee Engagement On Attrition Among Employees"**

*Prof. Rabiya T. S. Sange*

*(Assistant Professor – Human Resources, Allana Institute of Management Studies)*

### **ABSTRACT**

With organizations facing issues from talent crunch and labour shortages to the race of surviving in the existing business environment, most have realized that a 'satisfied' employee does not necessarily mean a loyal employee and a high performer. It is only an 'engaged employee' who is intellectually and emotionally bound with the organization, feels passionately about its goals and is committed towards its values who can be termed so. He goes the extra mile beyond the basic job responsibility and is associated with the actions that drive the business. Moreover, in times of diminishing loyalty, employee engagement is a powerful retention strategy. The fact that it has a strong impact on the bottom line adds to its significance.

The research paper aims at investigating the effect of employee engagement strategies used by organizations in curbing attrition. The study explored information from secondary data sources to arrive at an understanding of how engaging employees can be used as an effective HR strategy.

### **Key Words:**

Attrition, Retention, Employees Engagement, Performance

### **INTRODUCTION**

The business environment around is full of trials and many executives are facing an acute challenge of making the people changes that they feel are necessary to rapidly improve performance whilst maintaining employee engagement. The success of organizations in a changing economy is tied in large measure to the creative and innovative energy from the most significant asset: employees. When employees are effectively and positively engaged with their organization, they form an emotional connection with the company. This impacts their attitude towards the company's clients, and thereby improves customer satisfaction and service levels. Successful employee engagement helps create a community at the workplace and not just a workforce.

India and Brazil have young and plentiful growing workforces; China has one of the world's largest but oldest populations. Retention issues

are already beginning to emerge in these countries with workers quick to leave for better remuneration and higher job titles. Countries such as China and India are experiencing skill shortages in many fields. The workforces in these countries frequently show the desire and ambition to get ahead that contrasts with their U.S. counterparts. *Research by consultancy DDI shows that employees in China are more satisfied than their U.S. counterparts with their work – life balance.* They are more willing to make personal *sacrifices*, they have stronger desire for promotion and find work more fulfilling than their personal life. Conversely, workers in China were twice less likely to agree with the statement “I have too much to do” than their U.S. counterparts. So while U.S. employees are striving for balance and are fairly cautious about making personal sacrifices to advance their careers, their Chinese counterparts have a thirst for advancement, new knowledge and skills.

According to Sarah Cook (2008), as economies develop and there is more choice of employment, organizations will find it increasingly challenging to attract and retain talent and potential. ***Thus, making employee engagement an essential tool in managing their human capital.*** In order to harness the ambition of employees, businesses will need to put in place programmes for robust recruitment and selection, ongoing development and succession planning. For example, Proctor & Gamble has been successful in attracting and retaining high – quality managers although the compensation package is not as attractive as elsewhere because they offer continuous learning and development to their managers. Businesses that thoroughly embrace the concept of employee engagement will carve a clear competitive advantage for themselves in the future. This is because as economies develop the importance of employees becoming brand ambassadors increases.

### **OBJECTIVES OF THE STUDY**

- 1.To understand the concept of employee engagement and attrition.
- 2.To review existing literature on the effect of employee engagement on attrition.

### **METHODOLOGY**

The research paper has used secondary data sources like books, magazines and journals to explore the existing literature on the topic. Various e-journals and websites were also reviewed to enable the findings included in the paper.

## LITERATURE REVIEW

### Employee Engagement – Evolution & Concept

Engagement at work was conceptualized by Kahn, (1990) as the 'harnessing of organizational members' selves to their work roles'. In engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.

The concept has gained popularity in management literature and the popular press. It has shown up in Workforce Magazine (2005), Harvard Business Review (2005) and the Washington Post (2005), not to mention the websites of many Human Resources consulting firms such as DDI (2005) and Towers Perrin (2003) (Sources quoted by Little, 2006). The term seems to be attractive for at least two reasons:

- a) Employee engagement has been shown to have a statistical relationship with productivity, profitability, employee retention, safety, and customer satisfaction (Buckingham & Coffman, 1999; Coffman & Gonzalez-Molina, 2002). Similar relationships have not been shown for most traditional organizational constructs such as job satisfaction (Fisher & Locke, 1992) (Sources quoted by Little, 2006).
- b) The items used in employee engagement surveys measure aspects of the workplace that are under the control of the local manager. (Little, 2006)

Most of the literature employs a multidimensional approach to defining employee engagement, where the definition encapsulates several elements required in order to achieve 'true engagement'. A variety of definitions have been put forth by researchers and consulting companies leading to lack of clarity and understanding about what engagement is all about. For the purpose of the study, employee engagement is defined as '***A positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organisation. The organisation must work to develop and nurture engagement which requires a two-way relationship between employer and employee.***' (Robinson et al., 2004)

### Employee Attrition

Attrition rate has always been a sensitive issue for all organizations.

Calculating employee turnover rate is not that simple as it seems to be. No common formula can be used by all the organizations. A formula has to be devised keeping in view the nature of the business and different job functions. Moreover, calculating attrition rate is not only about devising a mathematical formula. It also has to take into account the root of the problem by going back to the hiring stage.

There is no standard formula to calculate the attrition rate of a company. This is because of certain factors as:

- The employee base changes each month. So if a company has 1,000 employees in April 2004 and 2,000 in March 2005, then they may take their base as 2,000 or as 1,500 (average for the year). If the number of employees who left is 300, then the attrition figure could be 15 per cent or 20 per cent depending on what base you take.

Many firms may not include attrition of freshers who leave because of higher studies or within three months of joining.

In some cases, attrition of poor performers may also not be treated as attrition.

A simple formula that can be used includes:

**Attrition = (No. of employees who left in the year / average employees in the year) x 100.**

Thus, if the company had 1,000 employees in April 2004, 2,000 in March 2005, and 300 quit in the year, then the average employee strength is 1,500 and attrition is  $100 \times (300/1500) = 20$  percent.

Cognizant, which has a majority of its employees working in India, increased its revenue guidance for the full year to be at least \$4.55 billion, up at least 38.8 per cent compared to 2009. Net headcount addition during the quarter was 6,900 employees taking the company's global employee headcount to over 95,600. Attrition increased sequentially to 21.8 per cent. Much of the industry calculates turnover on a trailing 12-month basis. Calculated this way, the company's attrition was 18.2 per cent during the quarter.

Similar to others in the industry, Cognizant expected and experienced increased levels of attrition during the third quarter. While there is no consistent methodology in the industry to report attrition numbers Cognizant reports attrition by annualising the turnover which occurred

within the quarter, including both voluntary and involuntary. The increased attrition resulted from a rapid return to hiring by many of the competitors, combined with a "catch-up" of 'pent-up demand' from those who were considering departing during 2009 and early 2010 but were unable to do so due to the economy. The attrition was primarily at the junior levels.

### **Types of Attrition**

There are various other types of attrition that should be taken into account. These are:

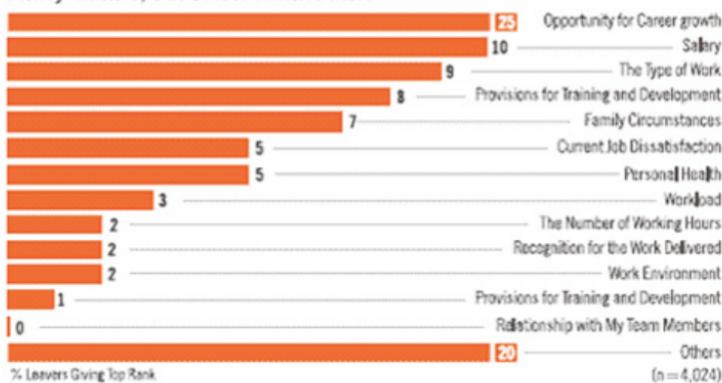
- 1.Fresher attrition that tells the number of freshers who left the organization within one year. It tells how many are using the company as a springboard or a launch pad.
- 2.Infant mortality that is the percentage of people who left the organization within one year. This indicates the ease with which people adapt to the company.
- 3.Critical resource attrition which tell the attrition in terms of key personnel like senior executives leaving the organization.
- 4.Low performance attrition tells the attrition of those who left due to poor performance.

### **Reasons for Attrition**

The India Attrition Study 2008, done between October 2008 and March 2009, was a partnership between BT and People Strong to figure out why employees quit (published by BT in April 2009). In the good times before September-October 2008, attrition in India was as high as 20 per cent (and up to 40 per cent in the booming services sector). Research by BT People Strong found that India is not only losing fair bit of top performers but plenty of the 'Universal Leavers', who form any company's backbone.

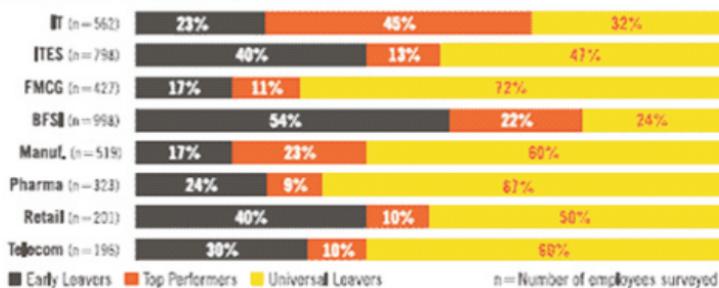
## Key Drivers for Leaving

Money Matters, But Career Matters More



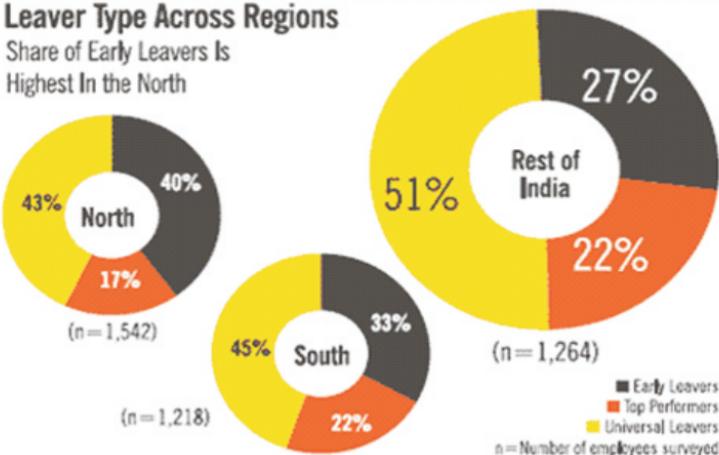
## Leaver Type Across Industries

Top Performers Leave IT High and Dry



## Leaver Type Across Regions

Share of Early Leavers Is Highest In the North



**Top Performers:** The cream of the company and they carry majority of the company on their shoulders.

**Early Leavers:** Those who leave the company within 12 months of joining.

**Universal Leavers:** All the remaining leavers who are important for sustaining current operations of a company.

During a downturn organisations that have shed chunks of the workforce are left with insecure employees who tend to jump ship if they can to avoid a pink slip. Companies that ignore attrition in a downturn do so at their own peril as it means letting go of top performers. It has been noted by experts that talented employees are always high on aspirations and their worry is how fast they climb the corporate ladder much more than survival. Organizations who do not address the concerns of their top performers will tend to lose them at all times. Losing employees to the competitors is also a concern for HR professionals. Recession was found to be a good time for organizations to pick up talent from the market. Unfortunately it worked both ways for organizations.

Some aspects that affect turnover intentions of employees and can be taken care of by employers and are under the control of the HR managers of the organization are: High Stress, Working conditions, Supervision, Communication, Inability to use core skills, Proper organization's goals / mission, Inadequate training, Employee – employer relationship, Balance between work and life, Flexible work options and Proper reward systems.

Given the importance of personal fulfilment to Gen Y employees (Glass, 2007), work life balance has emerged as a factor in employee attrition. Long working hours, work overloads, limited leave and requirements for relocation all have the potential to interfere with employees' home and lifestyle priorities. The consequence of this interference could either be work-family conflict (Armstrong, 2007) or a work-lifestyle imbalance that eventually contributes to voluntary turn-over (Dunne, 2007).

It has also been found that different groups of employees cite different reasons for leaving their job. Managerial staff cites "career growth" and "leadership" as the major factors that influence attrition and retention, together with "opportunities for management", "ability of top management" "use of skills and abilities" and "work / family balance". Professional employees cite concerns about "supervisory coaching and counseling," "company direction" and "interesting work"; Clerical employees voice concerns such as "type of work," "use of skills and abilities" and "opportunity to learn"; Hourly employees notice whether they are treated with respect, their "management ability" and "interesting work" (Nair, 2008).

However, it is important to note that employee attrition rate can be

never be entirely eradicated. It can only be influenced to keep it in control. The business model on which a subsidiary operation runs is significant in achieving this. Outsourcing higher end responsibilities that offers challenging tasks to the employees goes a long way in helping to deal with the issue (Nair, 2008).

### **Effect of Employee Engagement on Attrition**

Senior executives, human resource professionals as well as line managers realize that employees who feel uncertain about their careers or who find “better opportunities” elsewhere would leave the company causing a talent gap. All this has led organizations to use different strategies to retain their talent pool. As cited by Nancherla (2009), report by Right Management has cited very high attrition rates for some sectors in India. ***In addition to management skills, lack of investment in employee engagement, career progress and meaningful work was cited as important reasons for high attrition rates in certain sectors.***

Report published by Lloyd Morgan along with the Corporate Leadership Council (2004) states that ***by increasing employees' engagement levels, organizations can expect an increase in performance of up to 20 percentile points and an 87% reduction in employees' probability of departure.*** The highly engaged outperform the average by two deciles and are dramatically less likely to leave the organization.

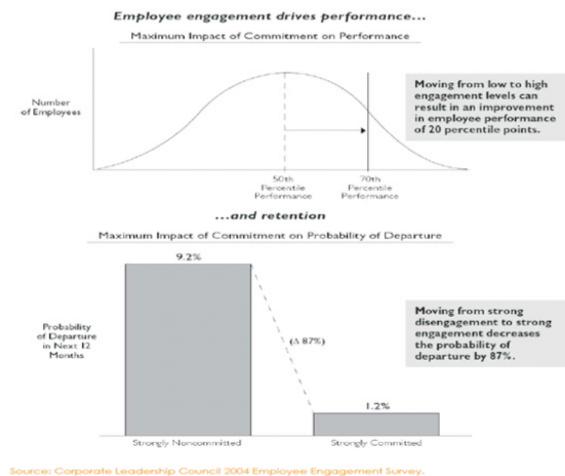


Fig 2.19: Relationship between employee engagement, retention and performance (Source: Corporate Leadership Council, 2004 Employee Engagement Survey)

Additional support for the positive relationship between engagement and organizational and personal outcomes has been shown in a meta-analysis by Harter, Schmidt, and Hayes (2002). In this study, which encompassed 7,939 business units in 36 companies, employee engagement, measured by the Gallup Workplace Audit (GWA), demonstrated true score correlations with employee turnover of -.30, customer satisfaction .33, and profitability .17.

Data from CIPD (2010) survey revealed that engaged employees are significantly more likely to want to stay with their organisation compared with those who are less engaged. Consolidated data from their surveys suggested that it cannot be taken for granted that people who are not engaged and quit would be no loss to the organization.

## **KEY FINDINGS**

1. Reasons for attrition vary across industries as well as individual differences do creep into the whole process.
2. Some of the reasons for attrition as cited by researchers have been pay & benefits, career growth, role ambiguity, work – life balance and inadequate training.
3. Contrary to what HR executives believe, much of the research evidence indicates that pay many a times is not the primary reason for employees leaving instead career growth has emerged as one of the major factors affecting attrition amongst employees.
4. Findings from various researches have shown that adequate investment by organizations in employee engagement practices helps in reducing attrition and improving business performance.

## **CONCLUSION**

It is HR's job, though not HR's job alone, to champion and shepherd effective human resource management practices at both the strategic and day-to-day levels. That is, to be effective, human resource management practices must be grounded in two ways. First, they must reflect companywide commitments as to how it will manage and relate to its employees. Secondly, HR must implement these commitments so that the ideals of the enterprise and deeds of its agents are congruent.

The ray of hope for HR executives and line managers who struggle to keep their talented employees is to systematically build employee

initiatives into the work culture. Further the effect of these investments in reducing the employee attrition rates needs to be demonstrated to the top management who then will feel more confident in further investing in such initiatives. Thus, helping in creating a cyclical process.

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# **"Performance-Based Rewards And The Impact On The Performance Of Lecturer In Private Colleges In Bathinda District"**

*Palvinder Kaur  
Research Scholar  
Punjab Technical University*

## **ABSTRACT**

This study is regarding the performance based rewards and the impact on their performance of lecturer in private college in Bathinda district. The theoretical underpinnings of this study was premised on Adam Stacy's Equity theory of motivation which states that employees expect fairness when being rewarded and Victor Vroom's theory which states that individuals make choices based on their perceived expectancy that certain rewards will follow.

Due to inconsistencies in the reward systems in the private colleges, this study recommends that rewards be based on performance considerations after a fair and accurate evaluation of its effects on the beneficiary. Furthermore, the nature of performance-based reward systems in colleges should be based on the essence of ensuring that lecturer are look at as the prime components in the success of any college administratively and academically. Administrators should also be trained and sensitized about the value of performance-based reward systems and also be made aware that pay motivates lecturer to perform at their best.

## **INTRODUCTION**

This study is an investigation of the impact of performance-based rewards on the performance of lecturer's in private college in Bathinda district. There is a gap in knowledge on the standards employed by the college management on how lecturers are rewarded. The main objective of this study was to assess the impact of performance-based rewards on the performance of lecturer in private college in Bathinda district; and also are to identify the types of performance-based rewards use in performance of lecturer in private college in Bathinda district and to establish the impact of performance- based rewards on the performance of lecturer in private college in Bathinda district. The study was based mainly on Primary data in form of questionnaires, interviews and documentary reviews of the selected literature. The study employed both qualitative and quantitative techniques of data collection and data was analyzed using descriptive and relational

statistics with Pearson Product Correlation Coefficient and Regression analysis. The findings revealed that, the most commonly used types of performance-based rewards in private college are: public appreciation, promotion, packages/presents, and duty allowances and overtime pay. It was also established that performance-based rewards impact on the performance of lecturer by motivating them and increasing their productivity and efficiency.

## **LITERATURE REVIEW**

Today's reality in the global world is that people influence important aspects of organizational performance in a multitude of ways. People conceive and implement the organizational strategy, while the mix of people and systems mostly determine an organization's capabilities. Competencies are required to execute the strategy, and these competencies are primarily a function of the skills and knowledge of an organization's human capital. Therefore, if an organization is to treat its employees as its most important asset, it has to be knowledgeable about what it is that motivates people to reach their full potential (Lawler, 2003). It is not easy though to know all the things that motivate people in life or at work but an effort has to be made. The primary focus of reward and recognition programs is how organizations define their reward schemes and communicate this in a manner that employees clearly understand the link between reward and performance (Flynn, 1998). Rewards and recognition programmes create environments especially where jobs provide intrinsic rewards good feelings that people get from doing the work itself. Yet in many organizations, recognition is reserved for an elite few and rewards are defined solely in terms of wages and salaries. Effective recognition enhances employee motivation and increases employee productivity all of which contributes to improved organizational performance (Deeprose, 1994). Baron (1983), argues that there is a close relationship between rewards and job performance. He notes that if successful performance does in fact lead to organizational rewards, such performance could be a motivational factor for employees. Under such conditions, they can see that their efforts result in rewards. Consequently, they may be motivated to exert higher levels of effort on the job. Increasingly, colleges are also realizing that a properly designed and executed total rewards strategy can be a powerful driver of lecturers' performance (Owen 2003). An organization's reward system is meant to provide and maintain appropriate types and levels of pay, benefits and other forms of rewards. Performance-based reward systems have a long history in education, particularly in the United States of America (Owen, 2003).

The reward system in an organization consists of its integrated policies, processes, and practices for rewarding its employees in accordance with their contribution, skills, competences and market worth, according to Harvey-Beavis (2003). This implies that performance based reward corresponds closely with employees' actual experiences. The distinguishing feature of a performance-based scheme is that it rewards or sanctions lecturers based upon some form of performance evaluation (Chamberlin, et al. 2002). Important to consider is that different motivation strategies may affect an employee in different ways at different points in time because conditions, needs and personal objectives are not static but in constant state of flux (Lawler, 2003).

This study is based on Adam Stacy's Equity Theory of motivation and Victor Vroom's Expectancy Theory. The Equity Theory states that employees expect fairness when being rewarded for the work done. The theory was developed from the Herzberg's job satisfaction theory and linked to the reward system by Adam Stacy. An important factor in employer's motivation is whether individuals perceive the reward structure as being fair. The Equity theory essentially refers to an employee's subjective judgment about the fairness of the reward she/he got in comparison with the inputs (efforts, time, education, and experience) when compared with others in the organization. The Equity theory of motivation concerns on the people's perception and feelings on how they are treated as compared with others (Armstrong, 2001). The argument is that people work well in accordance to what they regard as fair. Employees consider whether management has treated them fairly, when they look at what they receive for the effort they have made. Maicibi (2003) agrees with this that employees expect rewards or outcomes to be broadly proportional to their effort. In this regard, Boddy and Patron (1998) give the formula below to illustrate the comparison.

$$\begin{aligned} \text{Input (A)} &= \text{Input (B)} \\ \text{Reward (A)} &= \text{Reward (B)} \end{aligned}$$

Employee A compares the ratio of his/her input to his/her reward to that of employee B. If he/she feels the ratios are similar, he/she is bound to be satisfied with the treatment received. If he/she feels inadequately treated, he or she is bound to be dissatisfied. This dissatisfaction is likely to breed tension and frustration in such employees and their consequent performance may be negatively affected and this may perhaps further lower rewards (Boddy & Patron 1998).

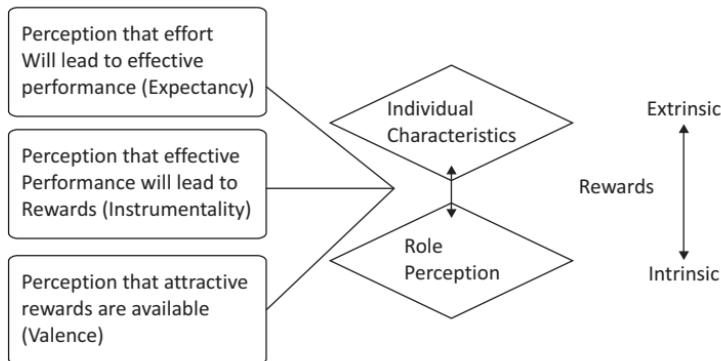


Figure1. The Expectancy Theory

On the other hand, the Expectancy theory helped the study to understand how individuals are drawn to make decisions as regards various behavioral alternatives and perceptual differences among people. It also suggests that motivation is based on how much one wants something and how likely he/she could get it (Bodden, 2008). This is because the motivational force of every individual is influenced by his or her expectancies, valances all of which depend on a personal way of perception. The formal framework of expectancy theory was developed by Victor Vroom (1964)

The quality of education depends on the teachers as reflected in the performance of their duties. Over time pupils' academic performance in both internal and external examinations had been used to determine excellence in teachers and teaching (Ajao, 2001). Teachers have been shown to have an important influence on students' academic achievement and they also play a crucial role in educational attainment because the teacher is ultimately responsible for translating policy into action and principles based on practice during interaction with the students (Afe, 2001). Both teaching and learning depends on teachers no wonder an effective teacher has been conceptualized as one who produces desired results in the course of his duty as a teacher (Uchefuna, 2001). Performance refers to the result of an activity according to Boddy (2008). Upon individuals' results, there are three main models of performance-based reward programmes that are commonly found in education systems. The first model is 'merit-pay', which generally involves individual pecuniary awards based on student performance, and classroom observation, McCollum (2001).

The second model is 'knowledge and skill-based' compensation, which generally involves individual pecuniary rewards for acquired qualifications and demonstrated knowledge and skills, which are believed to increase student performance, Odden (2002). Knowledge and skill-based pay differs from merit-pay because it provides clear guidelines on what is being evaluated (Odden&Kelley, 2002). The third model is school-based compensation, which generally involves group-based pecuniary rewards, typically based on student performance (Odden&Kelley, 2002). For purposes of this study, performance based reward will refer to what a teacher earns as a result of his/her performance despite his/her skillfulness, knowledge and the level of education. Employers in private colleges in Bathinda have not put up any standard measure upon which employees are rewarded. Some employers have used pecuniary rewards for high levels of performance, usually defined in terms of student outcomes or lecturer's skills and knowledge (Chamberlin et al 2002).

### **1.) Types of Performance- Based Rewards**

Issues Paper of the Australian Primary Principals Association (APPA), (2007) puts it that traditionally there were a variety of models for recognizing employees on the basis of the quality of their performance. This quantification can usually be reduced to monetary terms (APPA, (2007). But it should be pointed out that not all industries and not all occupations share these characteristics. Performance-based reward proponents point out that there are no consistent links between lecture's education credits or degrees and student's performance, and only modest links between teaching experience and student performance (Heneman &Milanowski 1999; Hoerr, 1998; Tomlinson, 2000). So, rewards should be based on the expertise and skills exhibited in the classroom. Other rewards could be given depending on teaching in a high priority situation such as in inner-city colleges. In some other cases a bonus pay would be given due to career development and in some instances for exceptional performance, an annual prize or pay could be earned, DEST Research Paper (2007).

### **2.) Impact of Performance Based Rewards on the Performance of Lecturers in Private colleges in Bathinda deistic.**

James et al. (2001) in a paper about Performance-Based Pay for Teachers, to the CRS Congress put it that interest in performance-based pay for teachers rose, in part, from a basic dissatisfaction with the traditional salary schedule. Accurately evaluating teacher performance is difficult, as Murnane et al (1986) demonstrated, despite

this difficulty, teachers' impressions of performance-evaluations systems play a crucial role in the success of performance-based pay programs. About performance based reward system, Wisconsin Policy Research Institute Report (2001) indicates that Public education in Wisconsin remains wedded to an antiquated system of teacher compensation. That system openly disavows the ability to pay teachers based on their performance. Instead, public institutes teachers only increase their pay based on their years of teaching and level of higher education.

### **ARGUMENTS SUPPORTING PERFORMANCE-BASED REWARDS**

Under most current systems of a salary scale, lecturers are rewarded for the number of years spent teaching and the number of tertiary degrees, rather than their performance (Odden, 2000a). Hoerr (1998) argues that any non-merit-based system is unfair for exceptional teachers because they are judged on inefficient criteria. The existing salary scales are thus at best only loosely related to the expertise and skills needed in the classroom (Mohrman, Mohrman &Odden, 1996). If the pay structure is based on this formula, it inevitably produces unsatisfactory outcomes as it is not well aligned to education output (Odden, 2000a). Thus, a substantial body of literature argues performance-based reward systems are an improvement on the efficiency of salary scales. As Odden and Kelley (2002)and Kelley,(1999) argue school-based rewards are a means of providing motivation by introducing clear goals to the whole school, and facilitating student achievement.

### **ARGUMENTS OPPOSING PERFORMANCE-BASED REWARDS**

A wide body of literature criticizes the evaluation procedures of performance-based rewards. In this literature it is argued that goals are hard or impossible to establish in teaching because key education outcomes have not been identified, and this necessarily reduces goal clarity (Storey, 2000). One problem evident, it is argued, is the complexity of designing a programme that balances clarity of goals and diverse evaluation criteria, since clear criteria are required to measure productivity gains. Even the recent efforts to establish 'value-added' evaluation criteria are considered problematic because they are in the embryonic stages of development, and there are clear socio-economic and racial biases in these systems (Clotfelter &Ladd, 1996).

### **DIFFICULTIES IN IMPLEMENTATION OF PERFORMANCE-BASED REWARDS**

The literature consistently argues that one of the major difficulties in

the implementation of performance-based reward programmes has been the existence of teacher unions who have been strong opponents of these programmes (Ballou & Podgursky, 1993; McCollum, 2001). Wage differentiations on the basis of subject taught, and any sort of subjective evaluation of lecturers for rewards has been rejected outright, possibly because of existing collective bargaining strategies (Ballou & Podgursky, 2001). Ballou and Podgursky (1993) argue teachers have been opponents of performance-based pay. Poor design and planning in the past has created difficulties in implementing new performance based pay systems. This sets up the expectation that because it hasn't worked in the past, it will not work in the future (McCollum, 2001). This is one of the few areas in the literature where a consensus is evident. Analysts, both proponents and opponents of performance-based rewards argue that previous attempts had poor design and implementation (Mohrman, Mohrman & Odden, 1996; Ramirez, 2001). Problems in developing fair and reliable indicators and the training of evaluators to fairly apply these indicators undermine any attempt to implement programmes (Storey, 2000).

### The Conceptual Framework

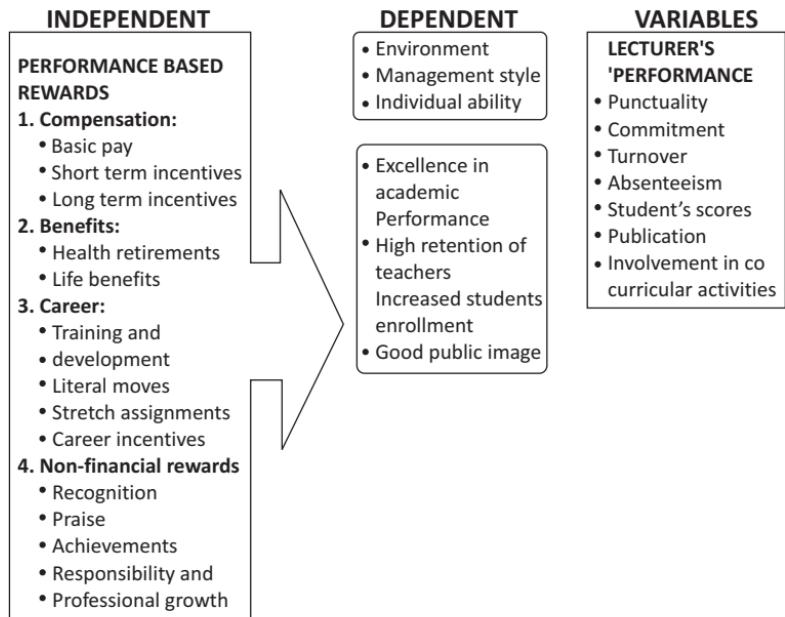


Figure 2. The Conceptual Framework illustrating how Performance-Based Rewards Impact the Performance of Lecturer's.

Figure 2 indicates that the Independent Variable which is performance based rewards influences the Dependent Variables which are Lecturers' performance. It indicates that when compensations ,benefits, career and non financial rewards are offered, there will be increased level of punctuality, working overtime, high involvement in extra curricula activities at school to mention but a few. The consequent results however will be excellence in colleges and individual academic performance, high lecturer's and student's retention, increased enrolment and accredited public opinion.

### **PROBLEM STATEMENT**

There appears to be mounting concerns that unacceptably high proportions of lecturers working in private colleges in Punjab are poorly motivated due to a combination of low morale and job satisfaction, poor incentives, and inadequate controls and other behavioral sanctions. Consequently, standards of professional conduct and performance are low and falling in many private colleges. Incentives for lecturers in the private colleges in Bathinda district to perform well are frequently weak due to ineffective incentives and sanctions. Very low pay forces large proportions of lecturers to earn secondary income from private tutoring and other activities. What is expected from lecturers (the 'social contract') is not pitched at a realistic level in many private colleges in Bathinda district given material rewards, workloads, and work and living environments. In many private colleges in lecturers are being asked to take on more responsibilities without rewarding them. The work and living environments for many lecturers are poor, which tends to lower self-esteem and is generally de-motivating. There is no study that has so far been undertaken to establish the reasons why private colleges in Bathinda district owners in usually have a negative attitude towards rewarding lecturers for their work. This raises curiosity and hence the need to establish the effect of performance-based rewards and the impact on the performance of lecturers in private college in Bathinda District.

### **OBJECTIVE**

1. To identify the types of performance-based rewards use in private colleges in Bathinda District.
2. To establish the impact of the performance-based rewards on the performance of lecturers in private colleges in Bathinda District.

## **SCOPE**

The study covered the period of between 2005–2011. This period is chose by the researcher because it is when there has been a lot of mushrooming of in private colleges in Bathinda District in particular. The research is conduct on the impact that performance based rewards have on the performance of lecturers in private colleges in Bathinda District. There were 157 respondents who participated in the study; these included: 132 lecturers and 25 principals in 25 colleges.

## **SIGNIFICANCE OF THE STUDY**

Organizationally, the study will serve as a reference material for in private colleges in Punjab in general and in Bathinda district in particular and other stakeholders' in the education sector. It can also be used by Government and other organizations to design future staff reward system strategies. Conceptually, this study has empirically verified the influence of the Performance-Based Rewards on the performance of lecturers' in private colleges in Bathinda district. This forms a basis for subsequent research to explore other factors that could impact lecturer's and student's performance. The study will also help employers draw up proper performance rewards systems or mechanisms to increase on the lecturer's performance. It will also help policy makers to come up with informed policies/decisions on how rewards should be awarded

## **METHODOLOGY**

### **Research Design**

The study used a cross-sectional survey design adopting qualitative methodology to a smaller extent and quantitative method. The researcher chose this research design because of its advantages in obtaining data; it is also the simplest and least cost alternative compared to longitudinal (Neumann, 2003). According to Neumann, (2003), cross-sectional research can be exploratory, descriptive or explanatory. Babbie (2007) shares the same views by stating that there are three purposes of social research, exploration, description and explanation each of them with different purposes for the research design. The study was both qualitative and quantitative. According to Creswell et al. (2003), qualitative research helps in getting an in-depth analysis of the problem under investigation and qualitative research was applied in order to describe current conditions or to investigate relationships, including effects relationships. In addition, it helped in answering questions concerning the current state of the subject under study

## **Study Population**

The study population constituted mainly owners/proprietors of the private colleges, principals and lecturers. This population was chose because it is assumed to have adequate knowledge of the subject under investigation and the research variables under investigation.

## **Sample Size and Sample Selection**

The sample size is 157 respondents of which 132 are lecturers and 25 are principals /proprietors of the private colleges. The purposive sampling technique was used to select principals /proprietors in order to get in depth information about the problem under study. In addition, stratified random is used to select lecturers since this category of respondents comprised of a big number. In each Division of Bathinda district, 26 lecturers are selected for interviews and 5 principals are interviewer.

Table 1: Sample Size and Selection of Respondents

Category	Frequency	Percentage	Technique
Principals and proprietors	25	39%	Purposive
Lecturers	132	61%	Simple random sampling
Total	157	100%	

## **Data Collection Methods and Instruments**

The research used primary data which is collected using self administered questionnaires to get information from lecturers and guiding questions (interview guide) are designed for focus group discussions with principals and proprietors.

### **Self administered Questionnaire**

This researcher used self administered questionnaires for the respondents. These are distributed among the lecturers in their respective colleges. The justification for using this instrument is that questionnaires are easy to quantify and analyze. In addition, the questionnaire is used because the study focuses on opinions, attitudes, feelings and perceptions of lecturers.

### **Interviews**

An interview guide consisting of structured questions is designed and administered to the proprietors of colleges and principals. Information solicited by this instrument help the researcher enhance responses

from the self administered questionnaires and make it possible for the researcher to cross examine some key issues in the research. The choice of this instrument is making because it is considered a good method for producing data which dealt with the topic in depth. Interviewing is also a good method for producing data based on informants' priorities, opinions and ideas. Informants had the opportunities to expand their ideas, explain their views and identify what they regard as the crucial factors.

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

The findings from the study about the effect of performance based rewards on the performance of lecturers in private colleges. The study intended to establish the types of performance based rewards used in private colleges, in Bathinda district, the effect of these rewards on the performance of lecturers. The objectives this study are to identify the types of performance based rewards used in private colleges and to establish the impact of the performance based rewards on the performance of lecturers. In this section the results of empirical analysis are presented. The upper level of statistical significance for null hypothesis testing was set at 5%.

### **Demographic characteristics of Respondents**

The study put into account the sex of the respondents and their academic qualification which were considered relevant to this study. Table 2. Presents the background information of respondents.

		Frequency	Percent(%)
Gender	Male	90	57.3
	Female	67	42.7
Total		157	100

Table 2. is about the sex distributions of the respondents. It is evident from this gender frequency distribution table that the majority of respondents were males at (57.3%) while (42.7%) were females. This tentatively implies that the private private in Bathinda district employed mainly more male lecturers than female lecturers.

Table 3: Respondents by position held

Position Held	Frequency(f)	Percentage (%)
Principals	25	15.9
Lecturers	132	84.1
Total	157	100

Table 3: shows respondents by various positions they held in their respective schools. Out of the 157 total number of respondents, 84.1% were lecturers and 15.9% are principals and proprietors, of which, all the principals of the 25 colleges participated in the study as it is anticipated, the majority participated thus making the outcomes of the study reliable.

Table 4: Respondents by terms of service

Experience	Frequency(f)	Percentage (%)
Permanent	74	47.1
Fixed Term	21	13.4
Fixed Term	62	39.5
Temporary	62	39.5
Total	157	100.0

Results in Table 3: revealed that most of the respondents (47.1%) were in the permanent category. 39.5% and 13.4% were in the fixed term and temporary categories respectively. The study noted from the above results that majority of staff in private colleges in Bathinda district are regular employees on pay roll. This may seem that these in their desire operate effectively as educational institutions, needed regular staff on permanent basis.

Table 4: Respondents by work experience

Period Worked	Frequency(f)	Percentage (%)
Less than a year	21	13.4
1-2 years	18	11.5
2-5 years	80	51
5-10 years	31	19.7
10 years and above	74	5
Total	157	100.0

## **Results of the Objectives**

Types of Performance-Based Rewards used in Private Colleges in Bathinda District?

The first research question aimed at establishing the types of performance based rewards used in the Private colleges . Table 4 captures the response of the respondents.

Table 5: Performance Based Rewards Available in Colleges

<b>Types of PBR in Schools</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Salary Increment	14	9
Overtime pay	18	11
Certificate of merit	12	8
Packages/presents/gifts	25	16
Duty allowance	17	11
Duty allowance	13	8
Public appreciation	29	19
Promotions	39	19

Results in table 4.6 show that the most common rewards used included:- public appreciation (19%),promotion (19%), packages/presents (16%), duty allowances (11%) and overtime pay (11%).Analysis of the results indicate that public appreciation and promotion were mostly used, and this according to the respondents interviewed was due to the fact that they had no or little financial implication costs to the colleges as it would have been for salary increment, duty allowances and overtime pay where the colleges has had to incur financial costs. The most common practice in small private colleges of avoiding costs is to over load teachers. Table 6: shows findings about the importance of performance based rewards.

Table 6: Importance of Performance-Based Rewards

<b>Importance of PBR</b>	<b>Number of respondents</b>	<b>Percentage (%)</b>
Motivate teachers	49	31
Certificates contribute to one's record	28	18
Promotes good performance	25	16
Improves administrator/teacher relations	26	16
Demonstrates fair and equal treatment	30	19

Statistics in Table 6: shows that PBR helped to motivate teachers to perform and 31% of the respondents supported it. While, 19% of the respondents revealed that PBR demonstrates fair and equal treatment to lecturers. In interviews with the lecturers, the study discovers that when lecturers are reward for their performance it brought in a sense of fairness that their efforts are paid for thus making them to perform better.

### **Effect of Performance-Based Rewards on the Performance of Private colleges in Bathinda District?**

The second research question was set to establish the effect of performance-based reward on the performance of Private colleges . However, the researcher first prompted the participants to reveal their skills and expertise in teaching. The lecturers' competence was measured by the academic performance of the students. Table 4.8 presents teachers' competencies in teaching. Table 7: Lecturers' Rating of their Performance under the following aspects

Lecturers' competencies		Number of respondents	Percentage (%)
Possession of adequate problem solving skills	Very poor	1	6
	Poor	19	12.2
	Average	56	35.9
	Good	46	29.5
	Very good	34	21.8
Commitment to teamwork	Poor	2	1.3
	Very poor	7	4.5
	Average	68	43.3
	Good	42	26.8
	Very good	38	24.2

Understanding students' problems	Poor	3	1.9
	Very poor	11	7.0
	Average	30	19.1
	Good	64	40.8
	Very good	49	31.2
Lecturers' level of enthusiasm for teaching in this school	Poor	8	5.1
	Very poor	58	36.9
	Average	28	17.8
	Good	41	26.1
	Very good	22	14.0
Willingness to help students' learn	Poor	3	1.9
	Very poor	39	24.8
	Average	38	24.2
	Good	58	36.9
	Very good	19	21.1

Findings in Table 7 reveal that a number of items upon which lecturers are rated and they included possession of adequate problem solving skills, commitment to teamwork, understanding students' problems, lecturers' level of enthusiasm for teaching in this colleges, willingness to help students' learn, doing their job effectively without complaining, having good working practices, having pride in their work and being consistently accurate in all aspects of their work.

Table 8: Impact of Performance Based Rewards on Lecturers' Performance in Private colleges

Performance based rewards	N	Mean	Std. Deviation	t-statistic	p-value
Poor	85	30.39	4.257	-4.034	.000
Good	72	33.42	5.151		

The t-test results in Table 8 revealed that participants whose welfare is good as a result of performance based rewards have 33.42 mean statistics which is higher than 30.39 mean statistics of those whose welfare is poor. It is note that this mean difference was significant since the pvalue of .000 was less than .05 level of significance. The implication of this is that performance based rewards affected the performance of lecturers in private colleges.

## FINDINGS

The data use in this study is gathered from a total of 157 respondents of whom 57.3% males and 42.7% females participated. This population comprised of Principals/ Proprietors and Lecturers and these made 15.9% and 84.1% respectively. Majority (47.1%) of the respondents were found to be permanently employed, while 39.5% and 13.4% were in the fixed term and temporary categories. With regard to the educational levels 83.4% of the respondents are deg Post Graduate Degree holders, 12.1% of M. Phil 4.5% were Ph.D. With regard to the type of performance based rewards used in private colleges in Bathinda district, it is established that Public appreciation, promotions, packages/presents, duty allowances and overtime pay, certificate of merit, salary increment and individual/group photographs were commonly use. It is also established that performance based rewards significantly motivated lecturers to perform better. In addition, it is revealed that PBR demonstrate fair and equal treatment to the lecturers. Other respondents stated that certificates contribute to one's personal record and promote good performance and improves administrator-lecturers relations. Results also show that PBR have significant effect on the performance of students in private colleges in that in colleges where PBR are used lecturers can confidently demonstrate that their students competently perform and show that learning has taken place since they could ably interpret questions and thus provide desired correct answers to the questions.

## **DISCUSSION, CONCLUSIONS AND SUGGESTION**

### **DISCUSSION**

Performance-Based Reward used in Private colleges in Bathinda district Research established that the most commonly used types of rewards in colleges are public appreciation, promotion, packages/presents, duty allowances and overtime pay. The study revealed however that, public appreciation and promotion are so common and this is due to the fact that they had no or little financial implications on the private colleges. This is corroborated by APPA, (2007) which indicated that traditionally there are a variety of models for recognizing employees on the basis of the quality of their performance. Among the models included paying employees, wholly or partially, on the basis of the quality of their performance. Noting the fact that private colleges in Punjab are mostly aimed at profit making, they ensure high level minimization of costs. So they cannot afford financial rewards to the performing lecturers. Teaching is process and collective effort of many individuals; it is at times difficult to determine which teacher performed better than the other and be rewarded accordingly. Further still evaluating teacher performance is difficult, as Murnane and Cohen's (1986) research demonstrated. Salary increment would help lecturers in acquiring bank loans unlike with allowances, bonuses and gifts. However it has been a common practice for private colleges to deny their lecturers access to loans because they do not always avail them with formal appointment letters. Odden (2002), put it under most current systems of a salary scale, lecturers are rewarded for the number of years spent teaching and the number of tertiary degrees, rather than their performance.

This seemed otherwise according to the findings of this study. Private colleges reward lecturers according to students' grades and unfortunately rarely have they supported lecturers for academic advancement and if it happens in some cases, such lecturers' services are terminated. This has always been attributed to the fact that some directors of private colleges do not employ qualified Principals. So, if lecturers went for further studies, it would seem as if he/she is plotting to oust the unqualified principals. However, knowledge- and skills-based pay is regarded as appropriate to education because lecturers have a complex and changing knowledge and skill set DEST Research Paper (2007).

**Impact of Performance-Based Rewards on the Performance of Lecturers in Private colleges in Bathinda District?**

In private schools, performance-based rewards were considered important due to the fact that they motivate lecturers, promote good performance, improve on administrator/lecturers relations, demonstrate a fair and equal treatment and contribute to individual records. It is discovered that performance-based rewards demonstrate fair and equal treatment to lecturers. It is realized that many private colleges pay less to their lecturers despite their academic qualifications and performance. As a supplement to the salary, rewards play a big role to cover up the gap. Principals disclosed that rewards act as reinforcements to lecturers' performance.

## **CONCLUSIONS**

Performance-Based Reward used in Private Colleges in Bathinda district. As regards the types of performance-based rewards, it was concluded that, the most commonly used types of performance based rewards were public appreciation, promotion, packages/presents, and duty allowances and overtime pay. Salary increment was the least considered by many Principals because it often constrains the colleges budget and it cannot easily be re-adjusted in case of any financial crisis. Purposefully, PBR motivate teachers; promote good performance, improve on administrator/lecturers relations, demonstrate a fair and equal treatment and contribute to individual records.

### **Impact Of Performance-Based Rewards On The Performance Of Lecturers In Private Colleges in Bathinda District?**

It is also concluded that performance-based rewards have impact on the performance of lecturers in different ways and it is realized that PBR motivate lecturers and increases their performance, improve lecturers' productivity and efficiency. However, the approach encourages competition rather than collaboration and affects the concept collegiate approach of effective colleges, stifling collaboration and creating conflict and tension in the colleges environment. Nevertheless, it is concluded that performance-based reward have the impact on the performance of lecturers in Private colleges.

## **SUGGESTION**

The current system of rewarding lecturers as it is in colleges is inadequate, unfair and limited in scope because the rewards are given on levels of experience and formal qualifications instead of performance. This means that reward based systems should be based on performance considerations. The offer of rewards based on non-performance considerations should be done after a fair and accurate

evaluation of its effects on the beneficiary. Since, performance-based rewards improve the governance of schools by increasing the efficiency of resource allocation, the nature of performance-based rewarding systems in colleges should be based on the essence of ensuring that lecturers are looked at as the prime component of resource allocation and distribution where colleges administration becomes hierarchical and cooperation between colleges management and staff becomes furthered interdependently. Administrators should be trained and sensitized about the value of performance-based rewarding systems. They should be made aware that pay motivates lecturers to perform at their best. This means that to implement a performance-based scheme, administrators should not perceive the process as being expensive and time consuming, but rather, a necessity where performance-based financial incentives do not provide enough incentives for lecturers to improve.

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## **APPENDICES**

### **Appendix 1: Questionnaire**

#### **QUESTIONNAIRE TO TEACHERS AND HEAD TEACHERS**

Dear respondent,

Thank you in advance for your time and willingness to share your views on performance-based rewards and their effect on the performance of lecturers' and students in private secondary colleges. Research has demonstrated that performance-based rewards are critical to increasing employee performance in organizations. The researcher is therefore interested in using your responses to establish the relationship between performance-based rewards and their impact on the performance of lecturers' in private colleges in Bathinda District. Please know that your anonymity is guaranteed. No one in your colleges will be able to view your responses and the results will not include data that could identify individuals. You are being asked demographic information to learn whether teachers from different backgrounds and different characteristics look at performance based rewards differently.

#### **SECTION A: DEMOGRAPHIC PROFILE**

1. Please indicate your position:

- a) Lecturers
- b) Principals

2. Is your job permanent, temporary or for a fixed-term?

- a) Permanent
- b) Temporary
- c) Fixed-term

3. How many years in total have you been working in this colleges?

- a) Less than 1 year
- b) 1 to less than 2 years
- c) 2 to less than 5 years
- d) 5 to less than 10 years
- e) 10 years or more

4. What is the highest educational qualification you hold?

- a) Postgraduate degree
- b) M.Phil
- c) Ph.D.

5. Which of the following describes your current status?

- a) Single
- b) Living with spouse or partner
- c) Divorced/Separated
- d) Widowed

#### 6a. SECTION B: Performance Based Rewards in Colleges

Each of the following statements describes an aspect of performance based rewards used in organizations to compensate employees for the services they provide. Please indicate the ones that are available in your school

	No	Yes
a. Salary Increment	<input type="checkbox"/>	<input type="checkbox"/>
b. Overtime pay	<input type="checkbox"/>	<input type="checkbox"/>
c. Certificate of merit	<input type="checkbox"/>	<input type="checkbox"/>
d. Packages/presents/gifts	<input type="checkbox"/>	<input type="checkbox"/>
e. Duty allowance	<input type="checkbox"/>	<input type="checkbox"/>
f. Individual /group photograph	<input type="checkbox"/>	<input type="checkbox"/>
g. Public appreciation	<input type="checkbox"/>	<input type="checkbox"/>
h. Promotions	<input type="checkbox"/>	<input type="checkbox"/>

6b. Why do you think it is important to have performance based rewards in your colleges (Please tick all that apply)

	No	Yes
a. Motivate lecturer's	<input type="checkbox"/>	<input type="checkbox"/>
b. Certificates contribute to one's record	<input type="checkbox"/>	<input type="checkbox"/>
c. Promotes good performance	<input type="checkbox"/>	<input type="checkbox"/>
d. Improves administrator/teacher relations	<input type="checkbox"/>	<input type="checkbox"/>
e. Demonstrates fair and equal treatment	<input type="checkbox"/>	<input type="checkbox"/>
f. Others (specify)	<input type="checkbox"/>	<input type="checkbox"/>

## **"Sustainable and Innovative Marketing Strategies Green Living Ideas for Home, Family and Future"**

*Prof. Rafana. Kazi*

*Asst. Prof.*

*Anjuman – I – Islam's Allana Institute of Management Studies*

### **Abstract**

Innovation is the act of introducing something new or doing something in a different way. Innovation in business differs from creativity in that the latter is generally associated with the generation of new ideas. In contrast, innovation refers to taking those new ideas and actually implementing them in the marketplace. Thus, creativity is simply one element of the innovation process through which new ideas lead to new products, procedures, or services. Business scholars often attribute company success to innovation. Because of growing international competition, innovation became even more vital for companies toward the end of the 20th century.

New business creation is influenced by the five industry and competitive forces proposed by Michael Porter i.e. bargaining power of customers, bargaining power of suppliers, threat of new entrants, threat of substitutes and intensity of competitive rivalry. There is a need for fostering innovation in the light of current competitive realities. Hence the key to success for any organization in the present competitive and dynamic environment is the need to adopt an Innovative and Sustainable strategies. Growth of any organization is possible by effectively identifying and exploring opportunities that are market driven. This paper attempts to highlight as to how any innovation- be it product, process, material or any other type- can be converted into a sustainable competitive advantage to build a firm standing in the arena of business. How the green Living Ideas can be incorporated by Business organization to gain sustainability & Innovativeness.

**Key words:** - Sustainable, Innovation, Marketing Strategies, Green living ideas.

### **Objectives**

1. To study Sustainable Innovative strategy – as competitive edge
2. The Impact of Technology & competitiveness
3. To evaluate the benefits of sustainable & Innovative ideas for green living for Mankind, Societies & business Organization by and large.
4. To use sustainable Innovative strategies as a cost cutting edge.
5. Marketing the concept of Green living to society and Business.

## **HISTORY OF INNOVATION IN BUSINESS**

While innovation has existed as long as the species has, early innovations penetrated society and became established more slowly. For example, printing technology, various transportation innovations, and the use of gunpowder took centuries to reach most levels of society and become part of everyday life, according to Basil Blackwell and Samuel Eilon, authors of *The Global Challenge of Innovation*. The penetration and acceptance of various innovations began to accelerate with the gradual collaboration and cooperation of science and assorted crafts and industries, especially in the 19th century. The partnership between science and industry allowed scientists to produce practical, reproducible technologies, which businesses could reasonably afford. Because of this collaboration, innovation grew quickly.

Despite the partnership, however, science and businesses still remained separate entities. Researchers worked either independently or as members of companies that specialized in developing, producing, and marketing innovations during this period. Consequently, many of these innovations failed to make it to the market. Companies, however—especially power, chemical, and communications companies—began creating in-house research and development divisions early in the 20th century. In addition, they enhanced and marketed the innovations of others, breaking down the barrier between innovator and company. As a result, companies, not individuals, began controlling the patents to new inventions. Furthermore, teams of company researchers, not lone inventors, became the primary innovators.

## **Innovation, Competitiveness, and Technology**

Innovation implies not only “Creating New products” but also introducing new methods to improve any operations. The concept also includes using new methods to improve manufacturing. For instance, some manufacturers use computer software programs to reduce assembly time and number of parts at design stage, resulting in substantial reduction in manufacturing costs. In the new economy, companies can improve operations with substantial cost savings by using internet, which provides a more accurate, cheaper and faster way to send and receive information, orders and payments between companies, their business partners , and their customers. Companies can establish websites, which can be used as distribution channels as well as information channels. Innovation is therefore, broadly defined as “Any product, process, method, service, or idea that is perceived as

new by someone." Innovative must have commercial use. It is the creation of something new, or improvement of something to make it more useful.

### **Innovative and Competitiveness**

Direct relationship exists between innovation and competitiveness. A company can increase or maintain a degree of differentiation from competitors through continuous innovation. Here, the company should not only consider Innovation as creating new products, but also improving manufacturing process, making distribution channel structure more effective or improving customer service.

Many organizations rarely innovate, while some firms innovate in an occasional manner. A few companies innovative continuously. There are companies like Citibank, 3M, Sony and Microsoft, who innovate continuously, and have even developed a regular process of innovation. They have understood that in a rapidly changing marketing environment, continuous innovation. Helps them not only to gain a leadership position in their respective industries, but also competitiveness. Before we discuss the Impact of technology, let us understand the word "***Technology***". Technology has been defined as "***Practical knowledge, skills, and know-how that can be used to develop a new product or service, and/or a new production or delivery system. Technology can be included in people, materials, processes, plant equipment and tools.***"

### **Impact Of Technology**

Technological innovations (i.e inventions in commercial use ) create new products and services that are new to both the company and the market. Less than 10% of all new products come under this category. These innovations are also called 'Breakthrough technology' or innovations. For example the technological inventions in 1940's of vacuum tube and amplifier circuit created new products and services like radio, wireless telegraphy and long-distance telephone service. Subsequently, between 1948 and 1973, there was a dramatic change in electronics (or microelectronic) industry due to some more technological inventions such as transistor, integrated circuit (IC) and microprocessors (or semiconductors). These technological inventions in microelectronics have applications in a variety of products, like TV sets, movie camera, computers, computer aided design (CAD), heart pacemakers, watches, calculators, mobile phone, printers, Air conditioners, Washing Machines, Refrigerators', and so on.

## **Digital Revolution**

The new economy is based on digital revolution in terms of adoption of information technology, and the internet. It has placed a new set of capabilities with companies as well as consumers.

## **Company Capabilities**

This include the company's capability in

a)Promoting their business through websites to customers and prospects from anywhere in the world.

b)Collecting more information about markets, customers, prospects and competitors by using the internet.

c)Facilitating internal communication among company employees by using the internet as a private intranet.

d)Improving operations (e.g. purchasing, recruiting, and training ) with substantial cost savings by using the internet to send and receive information, orders and payments between companies, their business partners and their customers.

## **Consumer Capabilities**

The consumer capabilities have improved due to adoption of information technology and internet. Today an individual consumer can order almost anything over the internet from anywhere in the world. The consumer can compare the prices and products of various suppliers on the internet. The consumer can access online medical information, movie ratings, and several other information. The new set of capabilities of consumers and companies due to digital revolution will lead to more accurate volumes of production, communication, inventory levels and marketing. It will change the way business is done and will transform every organization.

## **Breakthrough and Incremental Innovations**

Breakthrough innovations, also called radical Innovations, are “Big” innovations that require intensive technology and/or applications development. Breakthrough inventions uses a new technology and creates a new market. Incremental innovations are improvements to the existing products, methods, or designs. Customers have a major role in incremental innovations as they give information or specific improvements needed in the existing product , based on the product usage.

## **Marketing the concept of Green Living Ideas for Home, Family and Future.**

**"The conservation of natural resources is the fundamental problem. Unless we solve that problem it will avail us little to solve all other."**

*Theodore Roosevelt*

### **Evolution of Green Living Ideas**

The green marketing has evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases. First phase was termed as "Ecological" green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. Second phase was "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000.

1.The first wave of Green Marketing occurred in the 1980s. Corporate Social Responsibility (CSR) Reports started with the ice cream seller Ben & Jerry's where the financial report was supplemented by a greater view on the company's environmental impact.

2.In 1987 a document prepared by the World Commission on Environment and Development defined sustainable development as meeting "the needs of the present without compromising the ability of future generations to meet their own need", this became known as the Brundtland Report and was another step towards widespread thinking on sustainability in everyday activity.

3. Two tangible milestones for wave of green marketing came in the form of published books, both of which were called Green Marketing. They were by Ken Peattie (1992) in the United Kingdom and by Jacquelyn Ottman (1993) in the United States of America.

In the years after 2000 a second wave of Green marketing emerged. By now CSR and the Triple Bottom Line (TBL) were widespread. Such publications as a 2005 United Nations Report, then in 2006 a book by Al Gore and the UK Stern Report brought scientific-environmental arguments to a wide public in an easy to understand way.

## **INTRODUCTION TO Green Living Ideas- Sustainable & Ecological Products:**

The majority of green products have one or more of the following health or environmental attributes:

- 1.They promote clean air quality (typically through reduced emissions)
- 2.They are durable and have low maintenance requirements.
- 3.They are recyclable and reusable.
- 4.They are made using natural, renewable or environment friendly resources.
- 5.They do not contain any ozone-depleting substances like green house gases.
- 6.They do not contain highly toxic compounds, and their production does not result in highly toxic by-products or waste products harmful to society and environment.
- 7.For wood or bio-based products, they employ "sustainable harvesting" practices
- 8.They are biodegradable.

### **Adoption of Green Living Ideas**

There are basically five reasons for which a marketer should go for the adoption of green marketing. They are –

- Opportunities or competitive advantage
- Corporate social responsibilities (CSR)
- Government pressure
- Competitive pressure
- Cost or profit issues

## **Sustainable and Innovative Marketing Strategies – For Green Living Ideas**

**Green Marketing is gaining importance and demand for Eco-Friendly products is increasing due to increased awareness regarding environment conservation.**

Every company has its own favorite marketing mix. Some have 4 P's and some have 7 P's of marketing mix. The 4 P's of green marketing are that of a conventional marketing but the challenge before marketers is to use 4 P's in an innovative manner.

Product	Price	Promotion	Place
The ecological objectives in planning products are to reduce resources consumption and pollution and to increase conservation of scarce resources (Kellerman,1978).	Price is a critical and important factor of green marketing mix The role of price in Eco-Marketing is to reflect Products as Services. Most consumers will only be prepared to pay additional value if there is a perception of extra product value. This value may be improved performance, function, design, visual appeal, or taste. Green marketing should take all these facts into consideration while charging a premium price. The focus of pricing strategy has to be on long term life cycle costs/prices and life-cycle value addition.	There are three types of green advertising:  1.Ads that address a relationship between a product/service and the biophysical environment  2.Those that promote a green lifestyle by highlighting a product or service  3. Ads that present a corporate image of environmental responsibility	The choice of where and when to make a product available will have significant impact on the customers. Very few customers will go out of their way to buy green products. Communicate & Educate consumers about longterm ecological benefits and values..

## **Initiatives taken up by Business Organization for marketing Green Living Ideas for Home, Family and Future.**

India is growing at 9% annually and expected to double its energy consumption between 2005 and 2030, is under pressure to take action for providing clean environment for all future generations to come.

Many Indian companies have come forward for the cause of environmental concerns and issues requiring immediate attention like: global warming, Water and Air pollution, E-waste.

NTPC Limited has decided to allocate 0.5% of distributable profit annually for its "Research and Development Fund for Sustainable Energy," for undertaking research activities in development of green and pollution free technologies.

In India, around 25% of the consumers prefer environmental-friendly products, and around 28% may be considered healthy conscious. Therefore, there is a lot of diverse and fairly sizeable untapped segment in India which green marketers can serve through offering eco-friendly products for profitability and survival in the era of globalization.

For example, Mahindra Group has formally announced the launch of project Mahindra Hariyali in which 1 million trees will be planted nationwide by Mahindra employees and other stakeholders including customers, vendors, dealers, etc. by October 2008. Of these, 1,50,000 trees have already been planted by Mahindra employees since September 2007.

Nokia's environmental work is based on life cycle thinking. This means that we aim to minimize the environmental impact of our products throughout our operations, beginning with the extraction of raw materials and ending with recycling, treatment of waste, and recovery of used materials.

India is a world leader in green IT potential, according to a recently released global enterprise survey. Indian respondents scored over respondents from 10 other countries in expecting to pay 5% or more for green technology if its benefits for the environment and return on investment (ROI) are proven in a survey conducted by Green Factor, which researches and highlights green marketing opportunities. Among the companies that have succeeded thus far in their green marketing strategies are Apple, HP, Microsoft, IBM, Intel, Sony and Dell. HCL has

a comprehensive policy designed to drive its environment management program ensuring sustainable development. HCL is duty bound to manufacture environmentally responsible products and comply with environment management processes right from the time products are sourced, manufactured, bought by customers, recovered at their end-of-life and recycled.

Potato starch trays made by Dutch Paper Foam protect the new iPhone just launched by Apple Computer which equals 90 percent reduction in the carbon footprint compared to the plastic tray used in the past. Indian Oil also aims at developing techno-economically viable and environment-friendly products & services for the benefit of millions of its consumers, while at the same time ensuring the highest standards of safety and environment protection in its operations.

### **Conclusion:-**

There is a direct relationship between innovation and competitiveness. At the same time it is important to understand modified technology adoption, the need to develop a unique marketing strategy. In a highly competitive market, new product strategy is one of the internal growth strategies. To make new products, successful, the marketer should understand the process of new product development and also that of diffusion of new product, ideas, or innovation in a given market. To communicate differentiation of a new product from the competitors, a firm has to competitively position them.. How Companies can in corporate Green Living Ideas to gain Sustainability, use technology to competitive in the market. Successful integration of sustainability Innovation competitiveness & adoption of technology system in marketing decisions creating win-win outcomes. This means that all the three parties, namely Organizations, Customers and Products. Sustainable green Living ideas marketing therefore requires the development of marketing mix, product and delivery system design for environment protection. The challenge therefore for the marketer is to create such a winning matrix.

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## **"A Vibrant Organizational Culture"**

*Prof. Afreen S. Syed*

*Assistant Professor*

*Anjuman – I – Islam's Allana Institute of Management Studies*

### **Abstract:**

Culture is essential for both successful organizational change and maximizing the value of human capital. A strong organisational culture driven by core values aligned to the business vision and strategy contributes in making a comprehensive and welcoming organizational culture. It is an effective binding force and a competitive advantage for organisations. A vibrant organisational culture is the one that creates respect and a deep appreciation for the value of people; is cohesive and flexible; has good strategy; and its leaders understand that good people are a competitive advantage.

This paper defines and elaborates the ways to transform an organization's culture. It discusses successful cultural transformations of various organizations and examines how creating a vibrant culture has successfully navigated them through turbulent times. The paper includes organisations that have successfully defined their HR strategy and culture to seamlessly align with their business strategy.

**Keywords:** Organizational culture, vibrant culture, change, healthy organization

### **Introduction:**

Every organization has a vision or picture of what it desires to be in future, it could be distorted or unambiguous. In the backdrop of a gloomy economic scenario, unprecedented uncertainty and threat of future talent scarcity, organizations need to invest in a culture that attracts, retains and develops its people to follow and achieve their goals, objectives and mission.

An organizations culture is formed through years of interaction between the participants in the organization and according to Seel (2000) it is the emergent result of the continuing negotiations about values, meanings and proprieties between the members of that organisation and with its environment. An organization's culture is made up of all of the life experiences each employee brings to the organization (Heathfield). Roger Harrison (Harrison & Stokes, 1992) writes about culture as being characterised by 'Power', 'Role',

'Achievement' or 'Support'. Pool (2000) proposes that an organization's culture can positively reinforce the practice of optimal praxis and behaviours within an organization. It is the responsibility of management to maintain and establish a positive culture. Goltz (2009) states that some cultures promote productivity while other cultures are destructive to the organization. According to the anthropologist Mary Douglas (1985), culture is not a static 'thing' but something which everyone is constantly creating, affirming and expressing.

Considering the rapidly changing environment and ongoing insights into organizational effectiveness, organizations are seriously rethinking what they do and how they can best define and accomplish their goals and objectives. By simply having a culture in place doesn't work, organizations should strive for a healthy organizational culture in order to increase productivity, growth, efficiency; and reduce employee turnover and any detrimental behavior. A healthy or vibrant organization is "an organization that creates respect and a deep appreciation for the value of people; is cohesive and adaptable; has good strategy; and its leaders understand that good people are a competitive advantage" (People Process Culture Handbook, p. 12).

In a healthy organisation, the working environment enables the worker to use his or her potential to the fullest. This means not only being responsible for handling of health and safety risks, but also enabling the worker to develop and grow to their maximum potential. Maintaining the right balance in working climate, education, management style, and ensuring supportive communication, behaviour and attitudes in an organisation are essential. Employees in any organization would be content if they like their job and they feel appreciated. A vibrant organizational culture is encircled by management's ability to establish authority in a positive light. The two basic pillars of a vibrant organization culture are trust and empowerment.

A variety of characteristics describe a healthy culture, like - acceptance for diversity, fair treatment and equal opportunity for each employee, strong communication, effective leaders, less employee turnover and investment in learning, training and employee knowledge.

### **Changing the organizational culture:**

For people to consider culture change, usually a significant event must occur, like change in technology, leadership, mergers and acquisition etc. When people in an organization realize and recognize that their

current organizational culture needs to be transformed to support the organization's success and progress, change can occur (Heathfield). But change is not appealing and change is not easy. It is more difficult to change the culture of an existing organization than to create a culture in a new one. When an organizational culture is already established, people must unlearn the old values, assumptions and behaviors before they can learn the new ones. Changing the organizational culture requires time, commitment, planning and proper execution.

### **Plan**

The organization must first have a clear picture of its current culture state and examine the mission, vision, and values before trying to make any changes. Once this is done the organization must then decide what the final culture should look like to support success. Effective strategies need to be implemented to ensure that the desired organizational culture becomes a reality.

### **Support**

The entire cultural change has to be supported by executives and management. It becomes essential to not just provide verbal support but these executives must lead the change by changing their own behaviors. The organization needs to show belief not just by demonstrating appreciation through words, but also by supportive actions.

### **Train**

Culture change is highly dependent on the behavioural change of the people in the organization. Constant training can prove beneficial to understand new behaviours of people, essential in communicating expectations and teaching new behaviors.

### **Reward**

Reward system needs to be altered a bit to encourage new behaviors. Reviewing employee promotion policies, performance and appraisal management, pay system helps in aligning them with the desired culture.

### **Creating a Vibrant Organizational Culture:**

To succeed, organizations have to have a stellar company culture. As organizations like Chrysler, Whole Foods, Apple and many others have shown, having a vibrant corporate culture which is a significant competitive advantage (McKeown, 2012). This year's – India's Best

**Companies to Work For – 2012**, a Study by The Economic Times and Great Place to Work® Institute India, identified companies like Google, Intel, NTPC, MakeMyTrip, Forbes Marshall where, “employees trust the people they work for, have pride in what they do, and enjoy the company of the people they work with”. The following are recurring factors common to every vibrant corporate culture:

### **Significant culture**

According to McKeown (2012), a vibrant culture must be based in something truly meaningful; a bland mission statement is not the basis of a vibrant culture. "We remove every barrier to producing the best possible product" is essentially Apple's culture and is straight away meaningful. NTPC provides quality work-life, a beautiful and safe workplace to its employees, and also encourages a culture of mutual respect and trust amongst peers, superiors and subordinates. An organization cultures is not just on paper but is spoken by the employees. Google's revenue, profits and hiring were all up last year and the reason is obvious – Googlers live and breathe Google's mission and cannot stop raving about the great worklife. Forbes Marshall is called a people-centric organization because it is committed to creating a progressive work culture that uniquely puts people first. A truly vibrant culture runs deep and wide in the organization--it can be seen and felt anywhere and everywhere in the organization (McKeown, 2012).

### **Effective leadership**

Leaders and managers play a large role in influencing an organization's corporate culture. A good leader establishes a positive and healthy organizational culture by motivating subordinates to perform at a high level, by promoting open communication, establishing positive authority, nurturing trust, mutual respect and loyalty. Furthermore, to succeed in establishing a positive atmosphere and a culture where employees are encouraged to thrive, it is essential that managers go beyond good management and become great leaders (Doucet, 2009). Howard Schultz at Starbucks and Steve Jobs at Apple built organizations highly dependent upon them as individuals but in both cases they learned that a lasting culture is bigger than any one individual. It means that a culture built by a leader has to last long even after the leader has moved on and shouldn't be just a personality cult that disappears when they go. Lowe (2010) describes six elements of leadership that fosters healthy organisations; these are being inspirational, caring and connected, trustworthy and trusting, action-oriented, empowering and self-aware.

## **Motivated employees**

A productive organization is one where employees are motivated to contribute their best efforts. Googlers enjoy exceptional benefits and facilities along with the freedom to innovate, grow and develop. A healthy culture promotes employees with a healthy appetite for performance and success (Doucet, 2009). Intel India encourages employees to share their innovative business and technology ideas through 'Ideas to reality' (I2R) initiated by India Site Management and these ideas are reviewed, funded and incubated. Employees at Intel India love the work-life balance, the easy accessibility to management and development opportunities that the company provides.

The best companies not only understand how important their employees are to them, but they find innovative ways to demonstrate their support. MakeMyTrip encourages its employee to constantly push the edges of their job with initiatives like meritocracy, a healthy disrespect for hierarchy, fun@workdaily, and innovations like Hackathons, Ideathons, CustoMORE and Halla Bol awards. All of these have helped the organization build a sense of camaraderie.

A happy employee stays with the organization and an organization with such committed employees and a low employee turnover rate is a vibrant one. NTPC is one such organization with that reflects a low attrition rate, as the company focuses on employee development and has a robust HR system in place.

## **Transparent communication**

Keeping all employees informed about the culture change process ensures commitment and success (Heathfield). Promoting open and transparent communication is a thought discussed by many organizations but only few are able to successfully control it. MakeMyTrip follows an open door policy providing easy access to leadership. Establishing open communication channels is a challenging task, however it is one of the most important tactics management can utilize to create and maintain a positive corporate culture (Doucet, 2009). The level of transparency is what sets Google apart from others, through practices like Thank God it's Friday, where the CEO shares company information directly with all employees. Tactics like - casual monthly or quarterly staff meetings, staff outings, sharing information on news boards and the internal intranet, having suggestion box, maintaining an open-door policy helps. The open and direct communication at Intel India through various forums such as

organizational health surveys, manager feedback tool and other feedback mechanisms, helps it to proactively solicit inputs from employees about the company with respect to the environment and past performance. A transparent system at Forbes Marshall has ensured that employees know exactly what to expect at the end of year and are responsible for both their and the business's performance.

### **Flexibility**

An organization's culture should be less like some precious object and more vibrant, flexible, robust, and resilient. Many businesses treat company culture like it's a Faberge egg: precious, delicate, fragile to the point that it must be protected at all costs (McKeown, 2012). JetBlue, whose original cultural commitment to 'out-fun' Southwest led to an almost catastrophic melt-down in 2007 which ultimately cost its founder and CEO his job. Since that event the company has learned how to mix 'quirky and fun' with 'robustly effective' and maintain a leadership position in its industry. At Intel India an employee care program called "Sparsh" ensures that the company takes care of some of the basic needs of employees through core benefits and also create an environment of fun and camaraderie. A vibrant culture is a combination of contemporary and conventional values and beliefs. Forbes Marshall has been able to strike a perfect balance between being a modern organization while still holding on to the traditional value system.

### **Conclusion:**

A healthy and vibrant corporate culture is created and maintained effectively by the management and the leader. A vibrant organization is the one that keeps motivating its employees throughout to perform and excel. Motivation can be established by providing individuals with motivational goals that are measurable and quantifiable, by inserting positive reinforcement policies and by understanding and appealing to the needs of employees. To encourage a healthy culture the organization must establish and promote open and transparent communication between management and employees. A healthy culture leads a team of individuals who are satisfied, productive and breathe the organization's core values and mission. Lastly to survive in these turbulent and competitive situations organizations have to adopt a flexible and robust culture.

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## **"A study of Work Life Balance Interventions @ Nestle"**

*Mrs. Diya Udası*

*Asst. Professor*

*H & G H Mansukhani Institute of Management (MIM)*

### **ABSTRACT**

Work-life balance has always been a concern of those interested in the quality of working life. The best work life balance would be one in which important areas of an individual's life didn't have to be neglected in favor of work related chores and goals. A changing and growing workforce has started looking for more work life balance opportunities when it comes to choosing an employer. Work life balance programmes facilitate employees in maintaining a healthy balance between the conflicting demands of their work and personal life.

**When work life and personal life are out of balance, employees stress level is likely to soar.** Persistent stress can result in cardiovascular disease, sexual health problems, a weaker immune system and frequent headaches, stiff muscles, or backache. It can also result in poor coping skills, irritability, jumpiness, insecurity, exhaustion, and difficulty concentrating. Stress may also perpetuate or lead to binge eating, smoking, and alcohol consumption.

Companies have begun to realize how important the work-life balance is to the productivity and creativity of their employees. Employers are now offering a range of different programs and initiatives, such as flexible working arrangements in the form of part time, casual and telecommuting work. More proactive employers can provide compulsory leave, strict maximum hours and foster an environment that encourages employees not to continue working after hours.

There is a need for organizations to adopt hands-on human resource strategies and policies that accommodate the work-life needs of a diverse workforce in the current business environment. The study will focus on Work Life Balance initiatives taken by Nestle company.

This research will reveal practices adopted by Nestle, which makes them Brand of the choice. Finally, research made which would be helpful to the other sectors or companies to promote work life balance and ensure productivity and competitiveness in their company.

*The primary data will be collected by interviewing the HR Managers @ Nestle. The Secondary data will be collected from various magazines, journals and websites.*

**Keywords: Flexibility, Work life balance, Nestle.**

### **Introduction**

Work-life balance has always been a concern of those interested in the quality of working life. The current context of globalization and the changing nature of work have provided the impetus for this topic. The current work scenario is marked by the fast pace of change, intense pressure, constant deadlines, changing demographics, increased use of technology and the co-existing virtual workplace. Simultaneously with this, the increase in average income and rise in living standards have individuals striving for better work atmosphere, improved family and personal life. Today is the time when employees want it all. It is not restricted to one domain of work or life but rather a rich synthesis of the two.

The best work life balance would be one in which important areas of an individual's life didn't have to be neglected in favor of work related chores and goals. A changing and growing workforce has started looking for more work life balance opportunities when it comes to choosing an employer. Work life balance programmes facilitate employees in maintaining a healthy balance between the conflicting demands of their work and personal life.

Work-life balance means different things to different people and different things at different stages of life. However, any definition for anyone must include the problems of lack of time and exhaustion. Research indicates that failure to achieve the correct balance of effort and rest is linked to a feeling of lack of control over your workload, plus lack of energy to fulfill personal goals and commitments. If the balance is wrong, the result may include fatigue, poor performance and a poor quality of life.

When work life and personal life are out of balance, employees stress level is likely to soar. Persistent stress can result in cardiovascular disease, sexual health, problems, a weaker immune system and frequent headaches, stiff muscles, or backache. It can also result in poor coping skills, irritability, jumpiness, insecurity, exhaustion, and difficulty concentrating. Stress may also perpetuate or lead to binge eating, smoking, and alcohol consumption.

As organizations move towards more participative and flat structures where fewer employees are expected to manage increased workloads, the demands of the environment increase, and maintaining the balance between the demands of a career and life responsibilities becomes more difficult.

Companies have begun to realize how important the work-life balance is to the productivity and creativity of their employees. Employers are now offering a range of different programs and initiatives, such as flexible working arrangements in the form of part time, casual and telecommuting work.

More proactive employers can provide compulsory leave, strict maximum hours and foster an environment that encourages employees not to continue working after hours. For reducing work-life conflict they can even foster a workplace culture that values and supports balance. Getting the right mix of policies and programs that meet the needs of the workforce is part of this, with Employee and Family Assistance Programs playing a pivotal role. But to be fully effective, these programs also must address the closely related problem of job stress.

Work-life balance and stress go hand in hand. What seems to matter in this regard is the importance workers place on balance in their lives and the effectiveness of workplace policies and practices in supporting them to achieve this goal.

Hence there is a need for organizations to adopt hands-on human resource strategies and policies that accommodate the work-life needs of a diverse workforce in the current business environment. The study will focus on Work Life Balance initiatives taken by Nestle to help their employees to balance both the sphere equally.

## **Review of Literature**

**1. Lata Sujata and Sapna Singh (2011) in their study Work-Life Balance Issues of Women at Call Centers:** Their study focused on women working in call centers, in which they also dyed various reasons like night shifts, and less autonomy at work resulting in stress. In their research they stated that women's are personally affected in the family and social life. Finally, the authors have identified that poor work environment, poor work life balance also adds to stress and creates health related issues.

**2. Tara Shankar & Jyotsna Bhatnagar (2010) in their study Work Life Balance, Employee Engagement, Emotional Consonance/Dissonance & Turnover Intention:** Their study presented review of literature in domain of Work life Balance with focus on broadening the narrow concept of Work life balance. Study concluded with various propositions majorly being High Work Life Balance will lead to High Employee Engagement, and low intention to quit.

**3. Jeremy R. Hayman (2009) in his study Flexible work arrangements: exploring the linkages between perceived usability of flexible work schedules and work/life balance:** His study empirically investigated the importance of considering the complex interrelationships between work schedule variables and work/life balance and found that perceived usability of flexible work practices was linked to work and personal life balance.

**4. Gunavathy, J. S in his study Work-Life Balance Interventions Prevalent in the Indian Industry (2011):** In his study various provisions for Work life Balance were classified into five categories time, money, information based, direct services and culture change services. He concluded that effective work-life programs facilitate a symbiotic relationship between the employee and employer for mutual benefits. Such provisions also aid in employer branding and are emerging as retention factors. Thus it is an instrument for competitive advantage.

### **Objectives**

1. To study importance of work life balance.
2. To find out which practices actually work in bringing Work life balance & flexibility at the workplace.
3. To study initiatives adopted by Nestle.

## **RESEARCH METHODOLOGY**

### **1. Sources of data:**

#### **Primary data collection method:**

Primary data was collected with help of two research instruments i.e Questionnaire and Structured interview.

#### **Secondary data Collection:**

Various sources like books, Magazines of Human Resource, research papers and websites were referred.

## **2. Research Design:**

The research design used for the study is Descriptive Research. The research tries to find out various work life balance initiatives that are used by the company so as to enable employees to feel as if they are paying attention to all the important aspects of their lives and are satisfied.

## **3. Research Method:**

Case Study method of research is adopted so as to give exhaustive information on the topic being studied.

## **4. Coverage of Area for the Study:**

The study is be confined to one FMCG company in Mumbai region.

## **5. Limitations of the Study**

- The study is confined only to the geographic region of Mumbai.
- Because of time constraint only 1 company is studied.

## **ABOUT NESTLE**

Nestle is the world's leading Nutrition, health and wellness company. Their mission of "Good Food, Good Life" is to provide consumers with the best tasting, most nutritious choices in the wide range of food and beverage categories and eating occasions, from morning to night.

Nestle has been a partner in India's growth for over nine decades now and has built a very special relationship of trust and commitment with the people of India. The Company's activities in India have facilitated direct and indirect employment and provides livelihood to about one million people including farmers, suppliers of packaging materials, services and other goods.

The Company continuously focuses its efforts to better understand the changing lifestyles of India and anticipate consumer needs in order to provide Taste, Nutrition, Health and Wellness through its product offerings. The culture of innovation and renovation within the Company and access to the Nestle Group's proprietary technology/Brands expertise and the extensive centralized Research and Development facilities gives it a distinct advantage in these efforts. It helps the Company to create value that can be sustained over the long term by offering consumers a wide variety of high quality, safe food products at affordable prices.

Nestle India manufactures products of truly international quality under

internationally famous brand names such as NESCAFÉ, MAGGI, MILKYBAR, KIT KAT, BAR-ONE, MILKMAID and NESTEA and in recent years the Company has also introduced products of daily consumption and use such as NESTLE Milk, NESTLE SLIM Milk, NESTLE Dahi and NESTLE Jeera Raita.

Nestle India is a responsible organisation and facilitates initiatives that help to improve the quality of life in the communities where it operates.

## **WORK LIFE BALANCE INITIATIVES @ NESTLE:**

### **1)Benefits Package**

Nestle offers medical, dental, and vision benefits packages to meet a variety of health needs. These packages include options for family and domestic partners.

### **2)Pension**

Nestle associates can also take advantage of the pension plan offered by the company.

### **3)Bonus Incentive Program**

Many Nestle associates are eligible for an annual bonus incentive program based on company performance.

### **4)Vacation & Sick Leave Program**

Associates earn paid time off each month to use for sick leave, family illness, vacation or personal reasons.

### **5)Holidays**

Nestle provides regular paid holidays each year.

### **6)Educational Reimbursement Program**

Associates going back to school can apply for assistance paying for tuition, books, and fees.

### **7)Parental Leave**

Leave is available for birth and adoptive fathers and mothers who are salaried or non-union hourly associates.

### **8)Infant Formula Program**

Nestle associates with infants up to 12 months old, may receive up to 32 store coupons for any type of Nestle Infant Formula.

## **9) Spending Accounts**

Set aside pre-tax income for reimbursement of eligible dependent daycare and health care expenses not otherwise covered.

## **10) HealthWorks**

The HealthWorks program helps our associates and their families stay fit and healthy.

## **11) Long-term Care Insurance**

Associates and eligible family members can offset the potential cost of nursing homes or other long-term care with this coverage.

## **12) Voluntary Benefits**

Associates can also take advantage of auto and home insurance as well as prepaid legal services which can be purchased at special rates.

## **13) Employee Assistance Program (EAP)**

The EAP provides easy, free, confidential access to professional counselors trained to help with a variety of personal or family problems.

## **14) Counseling, Education Resource & Referral Services**

This service offers information and referrals on adoption resources, prenatal care, child care and elder care services, parenting, educational opportunities and a variety of personal / convenience services.

## **15) Conveniences at Work**

The services featured onsite at Nestle headquarters will help make employees life easier:

- 1) Fitness center
- 2) Cafeteria
- 3) Coffee bar
- 4) Daycare
- 5) Company store
- 6) On-site parking
- 7) Bonuses at all levels, etc.

## **FLEXIBILITY @NESTLE**

### **Healthy behavior through targeted wellness activities**

Nestlé follows the principle of 'healthy minds in healthy bodies'. Wellness is embedded in Nestlé's strategy to be the world's leading

Nutrition, Health and Wellness Company. It is also exemplified in our global commitment to 'Good Food, Good Life'. We want our employees to understand this commitment by experiencing it on a daily basis.

### **1. Wellness as part of Nestle's Safety and Health Roadmap**

To date, Nestlé's workplace wellness activities have been largely driven by individual needs at the country level and have focused on issues such as employee assistance programmes, counseling, fitness centre provision, smoking cessation, stress management, health screenings and other services.

### **2. Enhancing work-life environment**

Nestlé's ability to provide working conditions that match the expectations of workforce is key to their continued success. The work-life environment is an important aspect of workplace wellness for Nestle. Nestle's recently launched Policy on Conditions of Work and Employment outlines their commitments in terms of 'Work-life environment', which includes providing work-life flexibility and lifestyle and wellness programmes.

### **3. Encouraging work-life flexibility**

Nestlé recognizes that employees need and expect to work flexibly, so that they can connect their busy work and home lives. It makes business sense for them to do this since they want to attract talented individuals who can manage their time efficiently and productively.

Flexibility in the Workplace, in its broadest sense, is the possibility for employees and managers to make changes to when, where and how work is done in order to better balance personal needs and business requirements.

More concretely, they may include variations in terms of:

Time: Possibility for the employee to change working time (e.g.: Flexitime, part-time, job sharing).

Location: Possibility for the employee to work from other locations than the office (e.g. home, another office).

Career pacing: Possibility for the employee to have career breaks (e.g. Sabbatical/Educational leave)

#### **4. Lifestyle and wellness programmes**

Work-related stress is becoming the leading cause of lost work days in many countries. Nestlé has been committed to understanding the causes and remedies for stress for a number of years. For example, between 2008 and 2011, Nestlé Switzerland was involved in a pilot stress management project called SWiNG which examined workplace stress through online assessment. Nestlé Japan started an initiative on stress and resilience that was well-received by employees.

Proactively, Nestle is working on a range of health promotion initiatives globally to address this important issue. For example, in 2012, Nestlé Brazil, Nestlé Mexico and Nestlé USA supported Wellness Week, an initiative of the Pan-American Health Organization, Regional Office of the World Health Organization (PAHO/WHO). In the United States, Nestle ran a series of programmes to achieve a healthy lifestyle through physical activity, preventative care and a balanced diet at 12 sites, reaching more than 2,100 employees.

#### **5. Working-time and parental support**

In addition to the work-life commitments outlined in Nestle's Policy on Conditions of Work and Employment, Nestle continue to focus on other areas of work-life balance and flexible working conditions, including:

#### **6. Encouraging fair working time:**

Working hours represent an important element of work-life flexibility. In 2012, Nestlé introduced a commitment to limit working time to a maximum of 60 hours per week in all operations (where no relevant local rules are in place, or where maximum working time limits are higher). To ensure this commitment is adhered to, from 2013, Nestlé's Human Resources function is being tasked with enabling managers to take responsibility for promoting and encouraging reasonable working times consistent with this Policy.

#### **7. Supporting new parents:**

Nestlé's maternity and paternity leave is guided by legislation at country-level. Both Japan and Italy have introduced parental leave where fathers are allowed to take two weeks paid time off with their new family member. Nestle offer support to new and existing parents in a number of ways. For example, young families can use crèches at approximately 10 head office locations. Two factories, Japan and Pakistan, also recently opened crèches. Nestle also offer breast-feeding rooms at a number of our head offices and factories. New fathers are

offered paternal leave to spend time with their families.

Return to work and retention rates after child-birth are useful indicators of work-life satisfaction and work-life flexibility. Looking at employees of Nestle who took parental leave over a 12-month period, the return-to-work and retention rates following parental leave were 89% for women (2011: 70%) and 92% for men respectively (2011: 79%).

## **8.Disease prevention programmes**

Nestle continue to develop disease prevention programmes at various offices. Among other things, these programmes provide vaccinations, HIV/AIDS prevention information and care in some low-income countries, cardiovascular and diabetes testing, and distribution of impregnated mosquito bed nets to prevent the transmission of malaria. The programmes are delivered or managed locally by occupational health professionals, nutritionists and rehabilitation experts, with support from other voluntary 'site champions', Human Resources and other business functions.

## **BENEFITS OF ABOVE INITIATIVES @ NESTLE**

### **Why Nestlé supports it?**

Workplace Flexibility, when properly used, creates benefits for both employees and Nestlé. Some of the proven benefits that are overall benefiting the bottom line are:

#### **1.Talent Attraction and Retention**

Talent is one of the most important corporate resources and it is also the resource in shortest supply. With the current demographic trends, things are not going to get easier. In the war to attract and retain the best talent, Nestle believes the commitment to facilitating and encouraging flexible working conditions is a key differentiator.

#### **2.Higher employee engagement leading to increased productivity**

More satisfied employees means more engaged employees. Flexible Work Arrangements can help employees better balance their personal and business commitments creating a higher sense of wellbeing and satisfaction. This, in turn, means higher productivity, reduced absenteeism and lower turnover. Research has proven that all these factors have a positive impact on the bottom line and market share of a company.

### **3. An evolution of the way of doing business**

The integration of Flexibility in the way of doing business is a natural evolution of Nestle's response to today's and tomorrow's business requirements. To continue to stay competitive, Nestle is striving to become a leaner organization that quickly responds to the demands of the marketplace. Flexibility is an enabler of lean thinking, leading to a flexible and more agile workforce. Moreover, less close supervision also fosters an environment where employees are more empowered to make decisions and take risks. This supports the entrepreneurship and innovation at Nestle

## **CHALLENGES TO EMPLOYEES AND MANAGER**

Type of FWA	Challenges for Employees	Challenges for Managers
Part-time	<ul style="list-style-type: none"><li>• Implies reduced income</li><li>• Co-workers or manager may view employee as less committed</li></ul>	<ul style="list-style-type: none"><li>• Re-assigning the rest of the employee's job duties.</li><li>• Extra efforts in scheduling meetings, coordinating projects, office coverage, etc.</li><li>• Measuring the performance of part-timers</li></ul>
Flexitime	<ul style="list-style-type: none"><li>• May not free as much time as employee needs</li><li>• May make it more difficult to keep track of hours</li></ul>	<ul style="list-style-type: none"><li>• Key people may be unavailable at certain times</li><li>• May create difficulty in scheduling meetings, coordinating projects, etc.</li></ul>
Job sharing	<ul style="list-style-type: none"><li>• Finding a compatible partner or replacing a partner who leaves</li><li>• Dividing the work equitably</li><li>• Additional systems for communication with manager, co-workers, clients, etc.</li></ul>	<ul style="list-style-type: none"><li>• Added effort to supervise job-sharers as individuals and as a team</li><li>• Additional work space required if there are overlap days</li></ul>
Sabbatical Educational Leaves	<ul style="list-style-type: none"><li>• Generally unpaid leaves</li><li>• Co-workers or manager may view employee as less committed</li></ul>	<ul style="list-style-type: none"><li>• Tasks and responsibilities need to be reassigned while employee is on leave</li></ul>
Working from home / another location	<ul style="list-style-type: none"><li>• Fewer networking opportunities</li><li>• Feeling part of the team</li><li>• Need to organize a work space with access to the technology required</li><li>• High level of organization and auto-discipline</li><li>• Not all jobs are performed easily off-site</li></ul>	<ul style="list-style-type: none"><li>• Managing remotely</li><li>• Fostering team spirit</li><li>• Extra efforts in communication with employee</li><li>• Extra efforts in scheduling meetings, coordinating projects, ofice coverage, etc.</li></ul>

**Source:** <http://www.scribd.com/doc/115433917/Flexible-Work>

## **CONCLUSION**

By creating a culture of FLEXIBILITY in the workplace and encouraging employee participation in the organizations program, Nestle is strategically influencing the behavior of employees and helping them to adopt a BALANCED lifestyle.

Nestlé believes that the employee's private and professional life should have a good balance. Not only because it reinforces employee's satisfaction, loyalty and enhances productivity but also because it positively reflects on the Company's reputation. It helps Nestle in attracting and retaining people.

Nestlé is willing to support employees who wish to take an active part

in the life of the community or by assuming responsibilities in professional, civic, cultural, religious or voluntary organizations it being understood that any activity during working hours be first approved by the Company. In the same spirit, Nestlé encourages flexible working conditions whenever possible and encourages its employees to have interests and motivations outside work ultimately leading to the proper balance between work and life domains.

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## **“HRM and Productivity”**

*Prof. Bhavna Chandnani*

*Asst. Professor*

*H & G H Mansukhani Institute of Management (MIM)*

*Prof. Bharti Khiyani*

*Asst. Professor*

*CHM College*

### **1. Introduction**

Traditionally, labor economics focused on the labor market rather than looking inside the “black box” of firms. Industrial sociologists and psychologists made the running in Human Resource Management (HRM). This has changed dramatically in last two decades. Human Resource Management (HRM) is now a major field in labor economics. The hallmark of this work is to use standard economic tools applied to the special circumstances of managing employees within companies. HRM economics has a major effect on the world through teaching in business schools, and ultimately what gets practiced in many organizations.

HRM covers a wide range of activities. The main area of study we will focus on will be incentives and work organization. Incentives include remuneration systems (e.g. individuals or group incentive/contingent pay) and also the system of appraisal, promotion and career advancement. By work organization we mean the distribution of decision rights (autonomy/decentralization) between managers and workers, job design (e.g. flexibility of working, job rotation), team-working (e.g. who works with whom) and information provision.

### **2. Some facts on HRM and productivity**

#### **2.1. HRM practices**

In the 1970s the general assumption was that incentive pay would continue to decline in importance. This opinion was based on the fact that traditional unskilled jobs with piece-rate incentives were declining, and white collar jobs with stable salaries and promotion based incentives were increasing. Surprisingly, however, it appears that over the last three decades a greater proportion of jobs have become rewarded with contingent pay, and this is in fact particularly true for salaried workers.

There are two broad methods of assessing the importance of incentive

pay: Direct and Indirect methods. Direct methods use data on the incidence of HRM, often drawn from specialist surveys. Indirect methods use various forms of statistical inference, ideally from matched worker-firm data, to assess the extent to which pay is contingent on performance. We deal mainly with the direct evidence and then discuss more briefly the indirect evidence.

### **2.1.1. HRM measured using direct methods**

#### **Incentive Pay**

Individual incentive pay information is available from a variety of sources. Using the Panel Study of age men in received performance pay They define a worker as receiving performance pay if any part of compensation includes bonus, commission or piece rate on defined as a job where a worker ever received some kind of Overtime.

#### **Other HRM Practices**

Turning to more general forms of HRM than pay, like self-managed teams, performance feedback, job rotation, regular meetings, and training it becomes rather harder to summarize the existing information. In the cross section there are a number of surveys with different sampling bases, response rates and questions making them hard to compare.

### **2.1.2. Measuring Incentive Pay through indirect methods**

The indirect method has been common in labor economics mainly due to data constraints. Essentially this method examines the correlation of workers' remuneration with firm-specific characteristics that should be important if pay is contingent on performance such as profitability, market value, etc. For example, if there are profit-related pay schemes, increases in firm profits should cause increases in worker pay. If pay was set solely on the external labor market, it should be unrelated to idiosyncratic changes in the firm's financial position. An advantage of this approach over the direct approach is that many of the incentive schemes may not be explicitly written down as contracts. A disadvantage is that the correlations between firm performance and pay we observe may be unrelated to incentive schemes for econometric reasons - e.g. a positive demand shock may simultaneously raise a firm's profitability and mean it hires workers of an unobservably higher skill level. Further, to the extent we do credibly identify a causal effect of firm performance on worker pay we cannot discern easily whether this is due to explicit contracts, implicit contracts, union bargaining or some other model.

### **3. Productivity**

Research on firm heterogeneity has a long history in social science. Systematic empirical analysis first focused on the firm size distribution measured by employment, sales or assets. Most famously, it was characterized the size distribution as approximately log normal and sought to explain this with reference to simple statistical models of growth. In the 1970s as data became available by firm and line of business, attention focused on profitability as an indicator of performance. Accounting profitability can differ substantially from economic profitability, however, and may rise due to market power rather than efficiency.

In recent decades the development of larger databases has enabled researchers to look more directly at productivity.

### **4. The effects of HRM on productivity**

So the question is do variations in variations in HRM practices play a role in driving differences in and productivity? We find that the answer is “probably, yes”. We should also state in advance that in this section we focus on productivity as the key outcome. Many studies look at other outcomes such as worker turnover, absenteeism, worker perceptions, etc. These are useful, but if they have no effect on productivity then in our view they are second order – generally studies use them because they have no direct evidence on productivity. We do not focus on measures of worker wellbeing such as job satisfaction or wages.

There are a huge number of studies here which we attempt to summarize in. Before discussing in detail, here is our four point summary.

1. First, high quality studies generally show that there is a positive effect on productivity of incentive pay, both individual bonuses and (more surprisingly) group bonuses. This seems true across many sectors, including the public sector.
2. Second, in addition to a pure incentives effect, there is usually also an important selection effect generating higher productivity – productivity increases because high ability workers are attracted to organizations offering higher powered incentives.
3. Third, the introduction of new forms of incentive pay is generally more effective when combined with other “complementary” factors.

There are complements within the bundles of HRM practices (e.g. team work and group bonuses), and between some HRM practices and other firm characteristics (e.g. decentralization and information technology).

4. Fourth, there are many examples of perverse incentives, for example, when rewards are tied to specific periods of time so that workers manipulate commissions to hit quarterly targets.

5. Fifth, incentive pay schemes tend to be associated with greater dispersion of productivity as the effects are stronger on the more able workers, and this is stronger than the selection effect

## **5 Two perspectives on HRM and productivity: Design and Technology**

In thinking about the reasons for variations in HRM and productivity a contrast can be drawn between two possible approaches. The first, which is the now classic approach of Personnel Economics we label the “design” approach. The view here is that the HRM practices we observe are chosen by a profit maximising firm: they are explicit strategic choices of the firm, and variations in HRM reflect variations in the firm’s environment.

A second approach is becoming more common but has not been closely linked to labor economics. We label this the “managerial technology” approach because of the recent stress in diverse fields of economics, such as trade, public and macro, but above all Industrial Organization that there are large and persistent differences in firm productivity (see sub-section 2.2 above). In this view some aspects of HRM could be considered as a technology or “best practice” in the jargon. Adopting these forms of HRM would improve productivity in a typical firm. This leads on naturally to the question of why all firms have not adopted such practices. We discuss this below, but one immediate explanation is that all technologies have some diffusion curve whereby not all firms immediately adopt them.

In the Design approach firms at every point are choosing their optimal set of management practices and no firm is more efficient than another based on these. In management science, “contingency theory” is akin to this. Any coherent theory of management has firms choosing different practices in different environments, so there will always be some element of contingency.

## **6. Conclusions**

Human Resource Management (HRM) has changed dramatically in last two decades, with Personnel Economics now a major field in labor economics. The mark of this work is to use standard economic tools applied to the special circumstances of managing labor within companies. In surveying the literature we have detected several broads themes: First, although there have been significant improvements in measuring management in general and HRM in particular, we are struck by the scarcity of high quality data. This is especially true in the time series dimension where our basic understanding of trends even in the more easily measured dimensions of HRM such as incentive pay is remarkably poor. This reflects a general paucity of data on the internal structures of firms which needs to be addressed by researchers and statistical agencies. Second, data concerns notwithstanding, there do appear to be some facts emerging. There is a discernible trend towards the incidence of more incentive pay in recent decades. More aggressive use of high powered-incentives on pay, promotions, hiring and firing is more prevalent.

The data on productivity is much better: we have shown wide distributions of productivity within and between countries and HRM appears to mirror these patterns. Third, there is suggestive evidence that certain types of HRM raise productivity. There is certainly a robust positive cross sectional association between bundles of “modern” HRM practices and productivity, but with some exceptions. Fourth, causality issue apart, there is suggestive evidence of widespread complementarities both between different types of HRM practices and between HRM and other aspects of firm organization. Fifth, although the “Design” perspective of Personal Economics has led to powerful insights we have argued that some types of HRM (and management in general) has technological aspects in the sense that there are some practices that, on average, are likely to be the right ones for all firms to adopt. Under this view, the productivity dispersion we observe is partially linked to the fact that some firms that been slower to adopt these than others.. HRM and productivity is an exciting and lively field and has made great strides in the last two decades. We see its future as being integrated in the general research programs of the economics of organization and management which are becoming a major part of modern labor economics.

## **“Performance Management - an effective process for increasing the performance of the employees”**

*Prof. Urmila Sandesh Sonavane*

*Asst Prof.*

*D.B. Institute of Management and Research*

### **Abstract**

In the present highly competitive environment organization has to ensure pick performance of their employees continuously in order to compete at the market place effectively which was achieved through employee performance appraisal which tell employee where they are lagging in their performance . But it was not enough to raise the employee performance at desirable level. Hence performance management developed during 1990 which is the process of planning performance, apprising performance & giving its feedback, and counseling an employee to improve his performance.

The performance management involves various activities such as planning performance that is what an employee is expected to archive with a set of given resources and with a time frame, appraisal of whether the expected result has been achieved or not and then Giving feedback to the employee concerned about where he lacks and its reasons and counseling him how he can improve his performance. Armstrong and Baron have defined performances management as follows.

“Performance management is a process that contributes to the effective management of individuals and teams to achieve high levels of organizational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that is achieved ”. In performances management entire activities are linked to organization objectives and strategic to achieve these objectives. Performance management focuses on why to appraise rather than what and how to appraise. It is a continuous process of monitoring and feedback involving employees through focused group interviews surveyed in all stages of design implementation and review process. It is a dynamic system that is suitable for changing work place realities such as working in team.

### **Introduction**

In the present highly competitive environment organization has to ensure pick performance of their employees continuously in order

to compete at the market place effectively. Traditionally this objective was attempted to be achieved through employee performance appraisal which tell employee where they are lagging in their performance. Through this served the purpose to some extent. But it was not enough to raised employee performance at desirable level. Hence performance management developed during 1990 which is the process of planning performance, apprising performance & giving its feedback, and counseling an employee to improve his performance. The performance management involves various activities such as planning performance that is what an employee is expected to archive with a set of given resources and with a time frame, appraisal of whether the expected result has been achieved or not and then Giving feedback to the employee concerned about where he lacks and its reasons and counseling him how he can improve his performance. Armstrong and Baron have defined performances management as follows.

“Performance management is a process that contributes to the effective management of individuals and teams to achieve high levels of organizational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that is achieved”.

### **Features of Performance Management**

- 1) Performance management is closely aligned with the organizational context and culture without being influenced by passing fads and strategically linked to clearly defined organizational objectives. Therefore is based on their critical success factors derived directly from the corporate and business strategy.
- 2) Performance management system is closely linked to other system of human resource management particularly career planning, succession planning and training and development
- 3) Performance management is seen as a continuous process of monitoring and feedback rather than annual one involvement of employees through focus group interviews, surveys etc.
- 4) It involves effective use of technology in conveying desired competencies and in monitoring, collecting and giving feedback so that there is minimum possible bureaucratization of administering the system.

- 5) Performance management emphasis compressive training to managers for their own development but act as effective coaches as the role of coaching in performance improvement is quite crucial.
- 6) Performance management is a dynamic system that is suitable for changing workplace realities such as workplace realities such as working in teams and alternative work arrangement like teleworking , job sharing etc.

### **Steps in Performance Management**

Performance planning is the first step of Performance Management it is process of determining when and how a job is to be done in such a manner that both the manager and the superior understand what is expected from the employee about how success is defined and measured. Performance planning of an employee flows from the organizational or unit objectives and is undertaken jointly by employee and his superior.

Performance planning proceeds in the following manner:-

In consultation with the superior ,the employee formulates his job objectives keeping in view the organization objectives .an objective is the statement of intent and states what the superior expects from the employees to accomplish how well and by when. Objectives are the tools for helping the employee to understand the key results expected of him during a period accomplish.

During performance planning each objectives and its contribution to organizational Objectives will be measured. The stated objectives ,any developmental activities that will be required by employee are worked out. Developmental activities are those activities that are relevant for improving the employee's current skills or prepare him for new responsibilities.

After establishing the performance plan. The employee targets the objectives and responsibilities along the guidance of superior who helps him in succeeding by coaching and counseling them for the performance.

### **Performance Appraisal**

Performance Appraisal is the key ingredients of performance management .in a work group members consciously make opinion about others. The opinion may be about their quality, behavior, way of

working, etc. such opinion becomes basis for salary increase, promotion, transfer etc. Appraisal is the evaluation of worth, quality or merit. In organizational context performance appraisal is a systematic evaluation of personnel by superior or others familiar with their performance appraisal is also described as merit rating in which one individual is ranked as better or worse in comparison to others. The basic purpose in this rating is to ascertain an employee for promotion. it is more comprehensive term because its use extends beyond ascertaining eligibility for promotion such as training, and development, salary increase, transfer, discharge, etc. the appraisal is the systematic when it evaluates all performance in same manner utilizing the same approaches so that appraisal of different persons is comparable this Appraisal is taken periodically according to plan thus both the raters and rates know the system and timing for it.

Various methods are used for appraising the employee such as

Traditional methods	Modern methods
Ranking method	Appraisal by results or objectives
Paired Comparison	Behaviorally anchored rating scales
Grading	Assessment Centers
Forced distribution method	360 degree Appraisal
Forced choice method	
Checklist method	
Critical incidents method	
Graphic scale method	
Essay method	
Field review method	
Self Appraisal	

## **Appraisal Feedback**

Appraisal feedback is an important element of performance management, Appraisal feedback is provided to the employees for enhancing their self perception self perception is the process so f understanding oneself. .in the context of performance appraisal the individual self perception involves knowing where he stands in terms of his performance efficiency what is the strength and where is the weakness are and how he can improve himself in the future therefore there is need for providing feedback to an individual to enhance his self perception hence appraisal feedback brings following objectives.

To bring more clarity in the role of employee.

To provide the employee with an opportunity to realize his weakness & strength so that he gets a deeper in sight of himself.

To encourage the employee to set goals and action for his developments.

To enable the employee for career planning based on the reality of situation.

To provide the opportunity to employee to commit on the appraisal conducted by others on his performance.

To provide the opportunity to realize his tension & share the anxiety caused by appraisal system.

Generally appraisal feedback is through appraisal interview. It is a session in which the superior provides feedback to employee on his past performance, discuss any problem that have arisen, and invites response from the employee. Appraisal interview may be of following three types

tell & sell, 2) tell & Listen 3) Problem solving

Tell & Sell Interview has basic purpose to let the employee know how well he is doing and to draw a plan for improving himself. This type of interview is more appropriate for new and young employees, who are inexperience & want advice of superior.

Tell &listen interview – this type of interview is to communicate the appraisal result to employee & listen to his action. The basic advantage

of this interview is that it creates good relationship between interviewer and the employee.

Problem solving interview – In this interview not just communicate with employee but invites him to see the problem & what action he feels necessary to overcome those problems.

In present era performance appraisal, the focus has been shifted from performance measurements to performance development so that there is continues improvement in performance. So performance counseling & counseling has emerge has a new tool , which is an interactive process between the employee & his counselor to anticipate the likely problems in job performance, defining proactive action to overcome those problem and implementing those actions on continuous basis.

The barriers of effective performance appraisal may be grouped in three categories.

1) Faulty assumptions, 2) psychological blocks 3) Technical pitfalls.

Faulty assumptions - Because of Faulty assumptions of parties concern, superior & his subordinate does not work properly.

Psychological blocks - There are several psychological blocks the effective notes appraisal system these are mangers , filling of insecurity, appraisal an extra burden there being excessively modest ,there filling to treat their subordinates failure as their deficiency, disliking of communicating poor performance to his subordinates.

Technical pitfalls- The technical pitfalls can be criterion problem and distortion. Criterion is the standard of performance the manager desires of his subordinates and against which he compares their actual performance. Distortion occurs in form of biases and errors in making the evaluation.

#### Objectivity in Appraisal and Feedback

Each stage of performance appraisal including feedback there should be fairness. There is a need for infusing objectivity in appraisal and feedback:-

The appraisal should be made by person who have intensive knowledge of the work of the appraise.

The reliability of appraisal system can be obtained by comparing the appraisal reports of two or more appraisers for the same employee.

The result of appraisal of employee may be compared over the period of time to ensure whether consistency in appraisal has been maintained.

The appraisal result should be made open to review by appraise. This helps appraise to know where he stands and also enables him to judge the degree of fairness in appraisal.

The appraisal system should be backed by effective feedback system. the managers should realize that performance appraisal is not just a fault finding system but it is meant for improving performance by indicating where an employee lacks and how can be overcome.

### **Conclusion**

To raised the employee performance at desirable level. Performance management developed during 1990 which is the process of planning performance, apprising performance & giving its feedback, and counseling an employee to improve his performance.

The performance management involves various activities such as planning performance that is what an employee is expected to archive with a set of given resources and with a time frame, appraisal of whether the expected result has been achieved or not and then Giving feedback to the employee concerned about where he lacks and its reasons and counseling him how he can improve his performance. Performance Appraisal is the key ingredients of performance management .in a work group members consciously make opinion about others. The opinion may be about their quality, behavior, way of working, etc. such an opinion becomes basis for salary increase, promotion, transfer etc. Appraisal feedback is an important element of performance management, Appraisal feedback is provided to the employees for enhancing their self perception self perception is the process so f understanding oneself. .in the context of performance appraisal the individual self perception involves knowing where he stands in terms of his performance efficiency what is the strength and where is the weakness are and how he can improve himself in the future therefore there is need for providing feedback to an individual to enhance his self perception. So we can say that Performance Management is an effective process helping employees for increasing their performance.

### **References**

Discussion with employees about the Performance Appraisal methods adopted in their organization

Discussion with an entrepreneur for performance Appraisal they adopt

Books: - L.M PRASAD

# **"Work force Diversity an Emerging Challenges in Human Resource Management"**

*Mr. Sandesh Vithal Sonavane*

## **Abstract**

In the last decade of 20th century, globalization, liberalization and technological advances have changed the way the business is being done across the world these three factors are still continuing to haunt business organization to align their strategies to the needs of fast changing environment. HRM is the prime mover of human resource through which an organization has to counter threats that are posed by the environment. Hence HR personnel has to identify the nature of these and define their roles and responsibilities more sharply to counter these challenges posed by the present dynamics environment are as follows:- Mergers and acquisition, Changing workforce profile, Workforce diversity, Newer organization designs, Increasing Quality Consciousness, Business process Reengineering , Ethical issues in human resource management . And because of the environmental changes, work force diversity has posed great challenge before the HR professionals and it is relevant to understand the nature of workforce diversity and various issues related to it can be handled effectively. Work force diversity refers to the degree of similarities or differences among employees in organization at a point of time. Workforce diversity is defined in terms of age, cultural background, physical abilities /Disabilities, race/ religions & sex. The Reasons for these diversities are human resource imperatives, for effective marketing strategy, for creativity & innovation, fulfill legal requirements. As workforce diversity is two edged sword, if properly managed can be source of organizational strength if not brings chaos in organization. Work force diversity is managed by suitable HR policies & Practices followed by HR professional through training & educational program me , Career Planning & development programs Mentoring Programmed less Privileged Employees.

**Keywords:** - Workforce Challenges, HRM, Workforce diversity, HR policies and practices.

## **Introduction**

In the last decade of 20th century, globalization, liberalization and technological advances have changed the way the business is being done across the world these three factors are still continuing to haunt business organization to align their strategies to the needs of fast changing environment. As HRM is the prime mover of human resource

through which organization have to counter threats posed by the environment and faces lots of challenges in managing people effectively. Hence HR personnel have to identify the nature of these and define their roles and responsibilities more sharply to counter these challenges posed by the present dynamics environment. Work force diversity has posed great challenge before the HR professionals and it is relevant to understand the nature of these challenges workforce diversity and various issues related to it can be handled effectively. HR challenges posed by the present environment into broadly classified categories:-

- 1) Merger and Acquisition
- 2) Changing workforce profile
- 3) Workforce Diversity
- 4) Newer Organizational Designs
- 5) Increasing Quality consciousness
- 6) Business process reengineering
- 7) Ethical Issues in human resource management

Over a period of time there has been a tremendous change in Indian work force Earlier labor was considered to be illiterate and all HR activities used to be geared to meet job demand and expectation based on that illiteracy .now the situation has completely transformed Today labor force is more educated, skill oriented, comparatively younger and has high expectation .Thus is true with managerial personnel. Today work force is comparatively younger than predecessor. With the increasing facilities for acquiring skill in managements & technical field the average age of executive has dropped these inspections both in terms of financial compensation & financial compensation & working condition because of younger age employees are prone to job hopping therefore there are challenges before HR department to have an realistic job preview to avoid unrealistic expectation from the job which may be not fulfill later, design of suitable retains ion strategy & developing quality of work life. The knowledge worker is completely different from other type of work force with increasing use of knowledge in economy

Work force diversity refers to the degree of similarities or differences among employees in organization at a point of time. Workforce diversity is defined in terms of age, cultural background, physical abilities /Disabilities, race/ religions & sex. The Reasons for these diversities are human resource imperatives, for effective marketing strategy, for

creativity & innovation, fulfill legal requirements. As workforce diversity is too aged swords, if properly managed can be source of organizational strength if not brings chaos in organization. Work force diversity is managed by suitable HR policies & Practices followed by HR professional through training & educational program me , Career Planning & development programs Mentoring Programmed less Privileged Employees.

### **Reason for Workforce Diversity**

There are number of reasons both within environmental and organizational context which lead to workforce diversity:-

- 1) Human resource Imperative: - a large organization requires employees with varying skills sets and single group of similar employees may not have those varying sets. An organization can do well when there is high level of match between job requirements and job holder characteristic.
- 2) For effective Marketing Strategy: - Recruiting personnel from diversified groups may enable an organization to enhance effectiveness of its marketing strategy .in fact buying power is represented by people from all walks of life. To ensure that their products are designed to appeal to this diverse customer base, many organization employ people from those walks of life for their specialized insights and knowledge of relevant customer base.
- 3) For Creativity and Innovation:-when diverse people are together more ideas generate on any issues as people with diversity think differently on same issue. This diversity brings creativity in organization which generates Innovation when this Innovation is put in to action the organization reaps immense benefits
- 4) To Fulfill Social responsibility:- An organization being social unit has to discharge its obligation to the society .such a obligation may be in form of employing members from those groups which have some kind of disadvantage as compared to other groups in the society. Such groups may belong to physically impaired persons, economically backward persons and other disadvantaged persons.

To fulfill Legal Requirement:-There are various legal requirements in India which prescribe the social groups from which employees have to be hired compulsorily. such as Government Departments or public

1) sector enterprise have to recruit persons belonging to reserved category, ex serviceman, physically disable etc .if an organization locates its business operations at a place from where people are to be displaced. It has to recruit employees from displaced persons.

### **HR Implications of Workforce Diversity**

Workforce diversity is just like two edge sword. it can cut both ways if managed properly it can be a source of organizational strength. if not managed properly it can bring chaos in the organization. Though in managing workforce diversity ,every member of the organization is equally responsible, the role of HR professional is quite significant because many of ill effects of workforce diversity can be overcome through suitable HR policies and practices. HR may take following actions to reap the full benefits of workforce diversity.

- 1) Fair organizational Policies: - HR professionals can help the organization to devise policies related to employees that are fair to all. The policies should not discriminate the employees on any basis which is not directly related to work outcome .If discrimination is made on any such basis; it is likely to create hatred among employees that may be detrimental to the organization.
- 2) Training and Education Programs: While training and education programs are common with most of organization, these programs put emphasis on developing work related skills sets. In an organization having high level of workforce diversity, these programs should cover such areas as creating awareness about the need for workforce diversity, helping employees to understand value of workforce diversity providing the necessary skills for working in diverse work teams and providing skills and development activities necessary for diverse groups to do their jobs and have the opportunity for advancement.
- 3) Career planning and Development Programs: - HR Professionals can take career planning and development program for unprivileged or underprivileged employees who cannot immediately match their more privileged counterpart's .Such employees may be women, physically impaired personnel, etc. While framing career planning and development programs, special attention can be paid to such employees.

4) Mentoring Programs for less Privileged Employees: - In an organization generally employees needing special attention are in minority. For such employees, special mentoring programs may be organized. Mentoring is a kind of counseling and providing guidance to a person who are facing some unusual problem. though mentoring is a time consuming process it can be taken for minority employees to overcome time bound problem.

5) Special Benefits to less Privileged employees :- in an organization special benefits many be provided to les privileged employees However while providing such benefits ,care should be taken that this system does not infringe fair and equitable HR policies ,many Organization provides special benefits to women employees.

### **Role and Responsibility of HR Professional**

The role and responsibility are to focus on strategic HR issues, designing and taking proactive actions, developing integrated HR system, working as change agent, and marketing HR's potential contribution.

1) Focus on Strategic HR issues: - Strategic HR issue has to be identified & dealt with adequately, Identifying HR issues is to aligned HRM with strategy of organization and then to look at HR issue which are critical to implementation of the organizational strategy, focusing on Strategic HR is advantageous as it frees the Top level HR professional from undertaking functional issues which can be taken care of the comparatively lower level or can be out source a new practices in HRM.

2) Proactive action – Taking actions on Proactive basis involve identifications of likely changes in factors affecting HR practices , Designing actions to meet the requirements of likely new scenario & putting those actions in practices before any issue becomes a problem for the organization.

3) Developing integrated HR System – an integrated HR system, is one that has well balanced sub system continuously interacting among them. This process goes on resulting in creation of sections subsection with if a department wit out caring for How the contribute to each other & as a department as whole.

4) Working as change agent – A change agent is one who perceives the need for and initiates change so HR Professional must negotiates persuades and mobilize human resource of organization.

5) Marketing HR's Potentials Contribution as many changes have taken place in environment as well as business practices, there is a need for HR's Potential contribution in as Organization. Challenges before HR professional in marketing HR's Potential are twofold. 1)Managers in organization particularly line one may not believe that HR issues are so crucial for organizational effectiveness .2) Managers may believe that even if some of the HR issues are critical to the organization ,HR professional are well equipped to sort out such issues at the best they can provide operational support.

### **Conclusion**

As HRM is the prime mover of human resource through which organization have to counter threats the posed by the environment and faces lots of challenges in managing people effectively. Hence HR personnel has to identify the nature of these and define their roles and responsibilities more sharply to counter these challenges posed by the present dynamics environment. And because of the environmental changes , work force diversity has posed great challenge before the HR professionals and it is relevant to understand the nature of workforce diversity and various issues related to it can be handled effectively. Work force diversity refers to the degree of similarities or differences among employees in organization at a point of time. As workforce diversity is too aged swords , if properly managed can be source of organizational strength if not brings chaos in organization. Work force diversity is managed by suitable HR policies & Practices followed by HR professional through training & educational program me , Career Planning & development programs Mentoring Programmed less Privileged Employees .

### **References**

Discussion with employees about the Workforce Diversity

Discussion with an entrepreneur about Workforce diversity challenge

Books:- L.M PRASAD

# **“An Empirical Analysis On Performance Of Mutual Funds In India: A Study Of Elss Schemes”**

**Ms.AnjuASawlani**

Assistant Professor

H.& G.H. MIM

**Mrs.Krishika S Chandwani**

Assistant Professor

H.& G.H. MIM

## **(I) ABSTRACT:**

Mutual funds have emerged as a tool for investment in the new era. The reform process has sent signals to a wave of changes in savings and investment behaviour adding a new dimension to the growth of financial sector. With the inclusion of ELSS schemes in tax saving bracket and Asset management companies hopping to draw investors to equity-linked savings schemes (ELSS) by showcasing the high returns of funds; working professionals invest in ELSS to get a benefit of savings and returns. Hence, a study is carried out to evaluate the performance of ELSS from 2007-2012 of 10 tax planning schemes in India by using Sharpe ratio, Trenor ratio and Jensen's measure.

**Keywords:** Mutual Funds, ELSS, Tax planning

## **(II) INTRODUCTION:**

A **mutual fund** is a professionally managed type of collective investment scheme that pools money from many investors and invests it in stocks, bonds, short-term money market instruments and other securities. Mutual funds have a fund manager who invests the money on behalf of the investors by buying / selling stocks, bonds etc.

### **(a) Structure of Mutual Fund:**

Mutual Funds in India follow a 3-tier structure.

There is a Sponsor (the First tier), who thinks of starting a mutual fund. The Sponsor approaches the Securities & Exchange Board of India (SEBI), which is the regulator for mutual funds. Once SEBI is convinced, the sponsor creates a Public Trust (the Second tier) as per the Indian Trusts Act, 1882. Once the Trust is created, it is registered with SEBI afterwhich this trust is known as the mutual fund. Investor's money is managed by AMC (the Third tier).The funds of investors with AMC are called AUM (Asset under Management).

## (b) Types of Mutual Funds:



### **(III) RESEARCH METHODOLOGY:**

#### **(a) Research Objectives:**

1. To empirically examine the performance of 10 ELSS funds for a period of 5 years and 3 quarters from 1.4.2007 to 31.12.2012 by using various parameters namely Sharpe ratio, Jensen's alpha and Treynor ratio.
2. To study these schemes with reference to various parameters like alpha, beta, trend of returns, trend of risk, intercept.
3. To examine which schemes have outperformed the benchmark index (sensex) and which schemes have performed better in times of recession.

#### **(b) Data Collection and sampling:**

Judgemental sampling design has been used to select a sample of 10 open ended ELSS schemes out of 51 schemes based on CRISIL ranking. The data used for analysis is daily NAVs & sensex movements for 5 years and 3 quarters from 2007-2013. This data has been extracted from websites of respective funds, money control and BSE.

#### **(c) Scope and Relevance of the Study:**

Due to rising inflation, increasing expenses and rising tax levels, investments have become the need of the hour for working professionals to maintain their standard of living. With the day to day hectic schedule many working professionals have a time crunch for tracking their investments in the stock market. Hence, they invest in ELSS schemes (apart from other investments) to get the benefit of equity investment and to save taxes. An attempt is made to analyse the returns of top 10 ELSS funds to judge their returns vis a vis market returns through various measures like Jensen's Alpha, Sharpe Ratio, Treynor's ratio, etc.

Evaluating historical performance of mutual funds is important both for investors as well as portfolio managers. It enables an investor to access how much return has been generated by the portfolio manager and what risk level has been assumed in generating such returns. Further, an investor can also appraise the comparative performance of different schemes.

#### **(d) Limitations of the study:**

- This paper covers analysis of 10 ELSS Schemes. The results and analysis might vary for other schemes.

- Secondary data is used for studying and analysing the schemes.
- The study focus only on quantitative measures; while other measures like expense ratio & qualitative measures like fund manager's performance have been ignored.

#### **(IV) LITERATURE REVIEW:**

##### **(a) An Empirical Analysis on Performance Evaluation of Mutual Funds in India: A Study on Equity Linked Savings Schemes by Nalini Pravatripathi:**

She analysed 31 tax saving schemes for a period of 10 years using sharpe ratio, treynor's measure, fama's measure and jensen's Measure. It was found that stock selection was the most important characteristic of the fund manager. With the help of Fama's measure it was found that proper balance between selectivity and diversification was lacking, hence returns out of diversification were very less.

##### **(b) Managing Mutual Fund Investments in the Era of Change: KulbhushanChandel\* and O P Verma:**

They studied risk and return of 25 sector specific mutual funds on weekly basis vis a vis BSE index From October 1,2003 to September 30,2004. The measures used were risk, standard deviation, beta, Jensen Alpha, Sharpe ratio and Treynor index. It was found that FMCG funds have performed better than benchmark index, majority of schemes had outperformed in Sharpe's index. In case of Technology Fund Schemes, the performances of schemes were better in caseof returns and has earned returns on lower risk as compared to the market. Further, Tax Relief Fund Schemes have performed better in case of risk and average return as compared to the market. It is further noted in case of Balanced Fund Schemes that schemes have shown poor performances.

##### **(c) Market Timing Ability of Selected Mutual Funds in India: A Comparative Study by B PhaniswaraRaju and K MallikarjunaRao:**

They studied market timing ability of selected mutual fund managers using two models namely Treynor and Mazuy and Henriksson and Merton used with BSE and Nifty as a proxy. Out of 30 public sector mutual fund schemes, 15 schemes (50%) showed significant positive returns, thereby indicating market timing ability of these fund managers. In the case of private sector, only 11 schemes, out of 30 (37%), exhibited positive market timing abilities.Thus, it can be concluded that the market timing ability of the fund managers of public sector mutual funds was relatively better than that of the fund

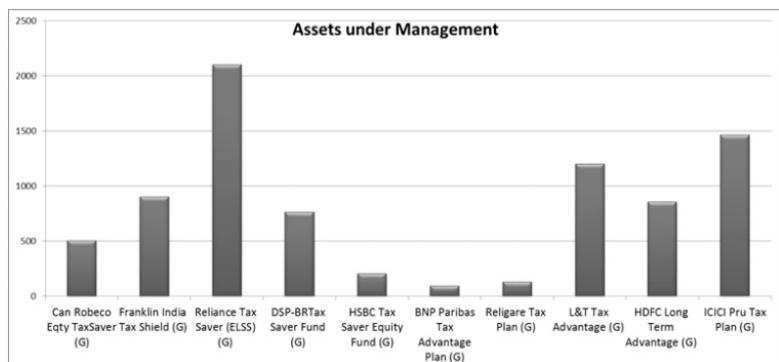
managers of private sector mutual funds. Whereas in Henriksson and Merton out of 60 schemes, 23 (38.33%) reflected the market timing skills, as the schemes' gamma values were found to be significant and positive. However most schemes did not portray market timing ability.

#### **(V) DATA ANALYSIS:**

**Table 1:** List of ELSS Schemes Studied

Sr. No.	Name of the Scheme
1	Can RobecoEqty TaxSaver (G)
2	Franklin India Tax Shield (G)
3	Reliance Tax Saver (ELSS) (G)
4	DSP-BRTax Saver Fund (G)
5	HSBC Tax Saver Equity Fund (G)
6	BNP Paribas Tax Advantage Plan (G)
7	Religare Tax Plan (G)
8	L&T Tax Advantage (G)
9	HDFC Long Term Advantage (G)
10	ICICI Pru Tax Plan (G)

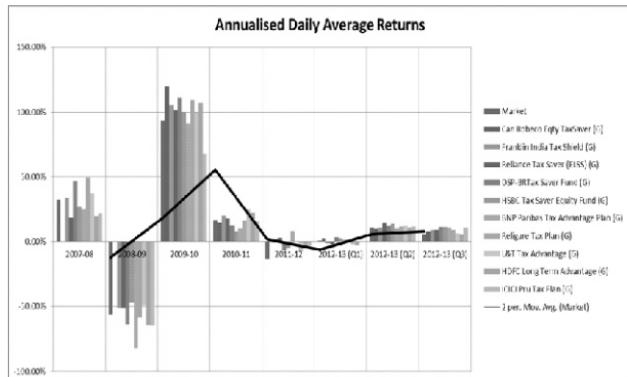
Table 1 above depicts the list of schemes selected for the study. For the purpose performance evaluation the period covers April, 2007 to Dec. 2013. The parameters like average return, standard deviation, Beta, Sharpe ratio, Treynor ratio, Jenson's measures, etc. has been calculated separately for all the schemes.



The chart above depicts the AUM of different schemes. More the AUM of a particular scheme more is the flexibility a fund manager has to make investments and create a diversified portfolio. It can be seen that Reliance Tax saver has highest AUM & BNP Paribas having the lowest AUM.

**Table 2:** Annualised Daily Average Return of Market & ELSS Schemes

Scheme	RETURN							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (Q1)	2012-13 (Q2)	2012-13 (Q3)
<b>Market</b>	32.43%	-56.65%	93.63%	16.91%	13.08%	0.65%	10.82%	5.32%
Can Robeco EqtyTaxSaver (G)			119.90%	14.71%	2.26%	2.43%	9.90%	8.06%
Franklin India Tax Shield (G)	33.74%	-51.04%	105.15%	19.97%	2.25%	-1.44%	10.87%	9.21%
Reliance Tax Saver (ELSS) (G)	18.58%	-50.94%	101.25%	17.73%	2.80%	-2.24%	14.03%	9.15%
DSP-BR Tax Saver Fund (G)	46.76%	-63.77%	110.94%	12.76%	-6.61%	3.18%	11.88%	11.14%
HSBC Tax Saver Equity Fund (G)	27.23%	-46.95%	99.83%	7.99%	-4.68%	2.51%	13.95%	11.34%
BNP Paribas Tax Advantage Plan (G)	24.87%	-82.31%	91.53%	10.53%	8.49%	1.60%	10.45%	11.02%
Religare Tax Plan (G)	49.41%	-58.85%	109.28%	16.13%	0.0463%	-0.92%	11.59%	8.96%
L&T Tax Advantage (G)	37.00%	-48.88%	99.80%	24.65%	-7.77%	-2.19%	11.82%	6.61%
HDFC Long Term Advantage (G)	19.53%	-64.24%	107.02%	22.35%	-3.47%	-2.70%	10.78%	5.74%
ICICI Pru Tax Plan (G)	21.73%	-64.79%	67.23%	15.81%	-3.36%	0.45%	11.63%	10.85%



## **Computation Methodology:**

Annual Returns of benchmark index Sensex as well as 10 ELSS schemes has been cited (in table 2 above), for a period of 5 years from 2007-08 to 2011-12 and quarterly returns for three Quarters (April-december,2012). The daily returns are computed using the following formula:

$$\frac{\text{Day 2 NAV} - \text{Day 1 NAV}}{\text{Day 1 NAV}}$$

These daily returns are annualised assuming 360 days in a year.

## **Interpretation:**

Four funds have outperformed sensex in the year 2007-08, namely L&T Tax Advantage, DSP Black rock , Franklin India Tax shield and Religare Tax Plan, of which Religare Tax Plan has given Best returns(49.41%).

In the year 2008-09 sensex as well as all funds have performed badly primarily due to sub-prime crises which had affected US and all other countries associated with US.

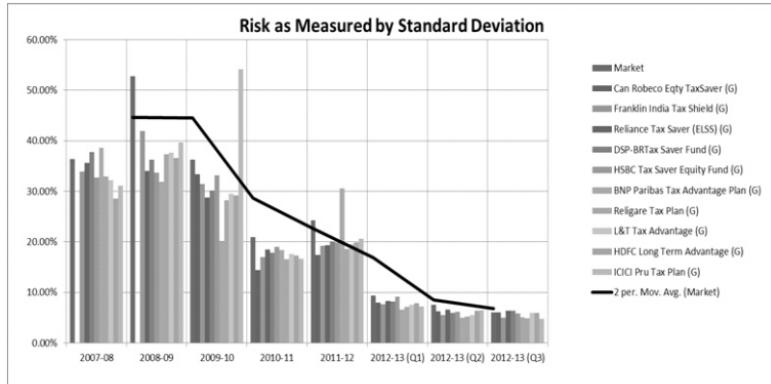
In the year 2009-10 Sensex as well as all funds have performed well due to correction in market and increase in investor's confidence in the market. Except ICICI Pru all other funds have outperformed Sensex with CanaraRobeco being the best performer with 119.90% returns.

In the year 2011-12 sensex has given a bad performance as compared to 2010-11 and all the funds have performed bad with Religare being the worst performer. This is due to crisis in Euro zone and under-performance of various macro-economic factors in India like imbalance in fiscal position, increased inflation and reduction in IIP & GDP numbers.

First quarter of 2012-13 have also shown bad returns with HDFC being the worst performer. The market has performed well in Q2 & Q3 with an average return of 11% because of the reform measures recently introduced by Government of India.

**Table 3: Annualised Daily Average Risk of Market & ELSS Schemes  
(as measured by standard deviation)**

Scheme	STANDARD DEVIATION							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (Q1)	2012-13 (Q2)	2012-13 (Q3)
<b>Market</b>	36.41%	52.77%	36.31%	20.93%	24.29%	9.34%	7.59%	6.08%
Can Robeco EqtyTaxSaver (G)			33.33%	14.45%	17.46%	7.98%	6.21%	6.08%
Franklin India Tax Shield (G)	33.89%	41.90%	31.41%	16.97%	19.20%	7.63%	5.51%	4.99%
Reliance Tax Saver (ELSS) (G)	35.62%	34.03%	28.81%	18.45%	19.30%	8.27%	6.57%	6.37%
DSP-BR Tax Saver Fund (G)	37.78%	36.23%	30.21%	17.84%	20.05%	8.14%	5.89%	6.32%
HSBC Tax Saver Equity Fund (G)	32.74%	33.66%	33.16%	18.96%	19.87%	9.19%	6.19%	5.79%
BNP Paribas Tax Advantage Plan (G)	38.63%	31.85%	20.17%	18.39%	30.55%	6.54%	4.99%	5.06%
Religare Tax Plan (G)	32.90%	37.32%	28.21%	16.59%	18.54%	7.16%	5.16%	4.83%
L&T Tax Advantage (G)	32.19%	37.69%	29.50%	17.57%	19.54%	7.51%	5.47%	6.61%
HDFC Long Term Advantage (G)	28.53%	36.55%	29.21%	17.34%	19.86%	7.86%	6.40%	5.89%
ICICI Pru Tax Plan (G)	31.12%	39.65%	54.12%	16.62%	20.59%	7.19%	6.45%	4.73%



### Computation Methodology:

Standard Deviation is a standard measure used for computing risk on a portfolio. Standard deviation measures the extent to which the scheme returns deviate from its own past standards. This can be calculated using the following formula:

$$\sqrt{\frac{(X - \bar{X})^2}{N}}$$

The daily risk is then annualised using the following formula:

$$\text{Average Daily Risk} * \sqrt{360}$$

### **Coefficient of Variation:**

Standard deviation is an absolute number; hence it should be compared with returns to interpret the relative dispersion.

$$\text{Covariance} = \frac{\text{Standard deviation}}{\text{Average Returns}}$$

**Table 4:** Annualised Daily Average Risk of Market & ELSS Schemes

(as measured by Coefficient of variation)

Scheme	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (Q1)	2012-13 (Q2)	2012-13 (Q3)
<b>Market</b>	1.12277	-0.9315	0.38776	1.23798	-1.8572	14.4299	0.70176	1.1432
Can Robeco EqtyTaxSaver (G)			0.27796	0.98251	7.73193	3.28745	0.62728	0.75366
Franklin India Tax Shield (G)	1.00441	-0.8209	0.29875	0.84969	8.53396	-5.3125	0.50684	0.54204
Reliance Tax Saver (ELSS) (G)	1.91701	-0.668	0.28451	1.04067	6.90512	-3.6949	0.46801	0.69564
DSP-BR Tax Saver Fund (G)	0.80797	-0.5682	0.27226	1.39752	-3.0315	2.55975	0.49579	0.56732
HSBC Tax Saver Equity Fund (G)	1.2025	-0.7171	0.3322	2.37241	-4.2421	3.66743	0.44364	0.51032
BNP Paribas Tax Advantage Plan (G)	1.55343	-0.3869	0.2203	1.74708	3.59737	4.08648	0.47773	0.4596
Religare Tax Plan (G)	0.66573	-0.6342	0.25812	1.02854	4001.76	-7.772	0.44508	0.53908
L&T Tax Advantage (G)	0.87004	-0.7711	0.29562	0.7127	-2.5161	-3.4243	0.46297	0.8947
HDFC Long Term Advantage (G)	1.46042	-0.569	0.27295	0.77592	-5.7242	-2.9104	0.59373	1.02602
ICICI Pru Tax Plan (G)	1.43227	-0.612	0.80502	1.05147	-6.1265	16.1232	0.55468	0.43548

### **Interpretation:**

In 2007-08 Co efficient of variation of Sensex has been 1.12 which means more risk as compared to returns. L&T Tax advantage has been the least risky with 0.087 as co efficient of variation and BNP Paribas being the most risky with 1.5 as co-efficient of covariance.

In 2008-09 BNP Paribas has been least risky and franklin India being the most risky with 0.82 Co-efficient of variation. All funds have less co-efficient of variation than the market.

In 2009-10 all funds have almost samecovariance except ICICI which has the highest covariance.

In 2010-11 BNP Paribas being the most risky and in 2011-12 religare has been the most risky.

In the First quarter (2012-13) there has been very high volatility with ICICI being the most risky.

In the second and third Quarter (2012-13) all funds have deviated less as compared to Sensex with CanaraRobeco and HDFC being the most risky.

**Table 5:** Beta of ELSS Schemes

Scheme	BETA							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (Q1)	2012-13 (Q2)	2012-13 (Q3)
<b>Market</b>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Can Robeco EqtyTaxSaver (G)			0.74	0.61	0.68	0.82	0.75	0.93
Franklin India Tax Shield (G)	0.90	0.77	0.82	0.77	0.74	0.76	0.65	0.70
Reliance Tax Saver (ELSS) (G)	0.85	0.61	0.75	0.78	0.69	0.75	0.61	0.80
DSP-BR Tax Saver Fund (G)	0.90	0.65	0.77	0.79	0.77	0.80	0.70	0.86
HSBC Tax Saver Equity Fund (G)	0.83	0.62	0.83	0.85	0.78	0.88	0.73	0.81
BNP Paribas Tax Advantage Plan (G)	0.96	0.70	1.78	0.65	0.85	0.65	0.56	0.65
Religare Tax Plan (G)	0.79	0.65	0.67	0.74	0.71	0.69	0.60	0.68
L&T Tax Advantage (G)	0.86	0.70	0.78	0.80	0.78	0.78	0.69	0.92
HDFC Long Term Advantage (G)	0.72	0.66	0.77	0.79	0.78	0.80	0.78	0.89
ICICI Pru Tax Plan (G)	0.73	0.69	0.52	0.73	0.79	0.69	0.77	0.67

## **Computation Methodology:**

Beta is a measure of systematic risk. If a portfolio is well diversified, beta measures the risk more effectively than standard deviation. It measures the sensitivity of fund returns with market returns. It is calculated by using the following formula:

$$\frac{\text{Covariance (Fund returns, Market Returns)}}{\text{Variance of Market}}$$

It can also be calculated using an excel function called 'SLOPE'.

- Beta co-efficient of 1 shows that the fund is risky as market
- Beta co-efficient of less than 1 shows that the fund is less riskier than market
- Beta co-efficient of more than 1 shows that the fund is more riskier than market

## **Interpretation:**

It can be seen that all the funds have been less risky than market in all the years with HDFC being the least risky and BNP being the most risky in 2007-08 as compared to market. In 2008-09 Reliance tax saver being the least and Franklin being the most risky as compared to market. In 2009-10 ICICI has been the least and BNP Paribas has been the most risky as compared to market. In 2010-11 Canarahas been the least risky and HSBC most. In 2011-12 Canarahas been the least and BNP Paribas has been the most risky as compared to market. In the first quarter of 2012-13 HSBC has been the most risky and ICICI being the least risky as compared to market.

**Table 6:** Sharpe Ratio

Scheme	SHARPE RATIO							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (Q1)	2012-13 (Q2)	2012-13 (Q3)
Rf	7.40%	7.13%	4.23%	6.22%	8.37%	1.97%	1.97%	1.97%
Can Robeco EqtyTaxSaver (G)			3.47	0.59	-0.35	0.06	1.28	1.00
Franklin India Tax Shield (G)	0.78	-1.39	3.21	0.81	-0.32	-0.45	1.62	1.45
Reliance Tax Saver (ELSS) (G)	0.31	-1.71	3.37	0.62	-0.29	-0.51	1.84	1.13
DSP-BR Tax Saver Fund (G)	1.04	-1.96	3.53	0.37	-0.75	0.15	1.68	1.45
HSBC Tax Saver Equity Fund (G)	0.61	-1.61	2.88	0.09	-0.66	0.06	1.94	1.62

BNP Paribas Tax Advantage Plan (G)	0.45	-2.81	4.33	0.23	0.00	-0.06	1.70	1.79
Religare Tax Plan (G)	1.28	-1.77	3.72	0.60	-0.45	-0.40	1.87	1.45
L&T Tax Advantage (G)	0.92	-1.49	3.24	1.05	-0.83	-0.55	1.80	0.78
HDFC Long Term Advantage (G)	0.43	-1.95	3.52	0.93	-0.60	-0.59	1.38	0.64
ICICI Pru Tax Plan (G)	0.46	-1.81	1.16	0.58	-0.57	-0.21	1.50	1.88

### **Computation Methodology:**

Sharpe measure, developed by William Sharpe, is referred to as the Sharpe ratio or the reward-to-variability ratio. It is the ratio of the reward or risk premium to the variability of risk as measured by the standard deviation of return. The index assigns the highest value to funds that have best risk-adjusted average rate of return. The formula for calculating Sharpe ratio may be stated as follows:

$$\frac{\text{Return of Fund} - \text{Risk free rate of return}}{\text{Risk of Fund (Standard Deviation)}}$$

(Note: Risk free rate is annual average rate provided by 365 day T-bill.)

### **Interpretation:**

It can be seen that in 2008-09 overall the sharpe ratio has been negative for all the funds. In 2009-10, BNP Paribas with 4.33 being the sharpe ratio and in 2010-11, Franklin with 0.81 as sharpe ratio has outperformed all other funds. In the First Quarter 2012-13 all funds have negative returns except CANARA robeco, DSP Black Rock and HSBC. The reason for negative Sharpe is negative returns provided by these funds as shown in Table 1. In the Second Quarter of 2012-13 HSBC has performed best with 1.94 as sharpe. In the Third Quarter 2012-13, ICICI Pru has outperformed other funds with 1.88 being the Sharpe ratio.

**Table 7: Treynor Ratio**

Scheme	TREYNOR RATIO							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (Q1)	2012-13 (Q2)	2012-13 (Q3)
Rf	7.40%	7.13%	4.23%	6.22%	8.37%	1.97%	1.97%	1.97%
Can Robeco EqtyTaxSaver (G)			1.57	0.14	-0.09	0.01	0.11	0.07
Franklin India Tax Shield (G)	0.29	-0.75	1.23	0.18	-0.08	-0.04	0.14	0.10
Reliance Tax Saver (ELSS) (G)	0.13	-0.95	1.29	0.15	-0.08	-0.06	0.20	0.09
DSP-BR Tax Saver Fund (G)	0.44	-1.09	1.38	0.08	-0.20	0.02	0.14	0.11
HSBC Tax Saver Equity Fund (G)	0.24	-0.88	1.15	0.02	-0.17	0.01	0.17	0.12
BNP Paribas Tax Advantage Plan (G)	0.18	-1.28	0.49	0.07	0.00	-0.01	0.15	0.14
Religare Tax Plan (G)	0.53	-1.02	1.56	0.13	-0.12	-0.40	0.16	0.10
L&T Tax Advantage (G)	0.35	-0.80	1.22	0.23	-0.21	-0.05	0.14	0.05
HDFC Long Term Advantage (G)	0.17	-1.08	1.34	0.21	-0.15	-0.06	0.11	0.04
ICICI Pru Tax Plan (G)	0.20	-1.04	1.21	0.13	-0.15	-0.02	0.13	0.13

**Computation Methodology:**

Treynor ratio, the performance measure developed by Jack Treynor, is referred to as Treynor ratio or reward-to-volatility ratio. It is the ratio of the reward or risk premium to the volatility of return as measured by the portfolio beta. The formula for calculating Treynor ratio may be stated as follows:

$$\frac{\text{Return of Fund} - \text{Risk free rate of return}}{\text{Risk of Fund (Standard Deviation)}}$$

Treynor ratio measures the risk- adjusted performance better than Sharpe for the diversified schemes; as they contain zero or minimal unsystematic risk.

### **Interpretation:**

In 2009-10 CanaraRobecohas the highest ratio indicating better performance as compared to other funds. In 2011-12 all funds have negative treynor ratioindicating that risk free rate is higher than the expected returns while Religare has treynor ratio as 0 indicating that the fund has not performed more than the expected returns.

**Table 8:**Jensen's Measure

Scheme	JENSEN's MEASURE							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (Q1)	2012-13 (Q2)	2012-13 (Q3)
<b>Rf</b>	7.40%	7.13%	4.23%	6.22%	8.37%	1.97%	1.97%	1.97%
Can Robeco EqtyTaxSaver (G)			0.50	0.02	0.09	0.02	0.01	0.03
Franklin India Tax Shield (G)	0.04	-0.09	0.27	0.05	0.10	-0.02	0.03	0.05
Reliance Tax Saver (ELSS) (G)	-0.10	-0.19	0.30	0.03	0.09	-0.03	0.07	0.05
DSP-BR Tax Saver Fund (G)	0.17	-0.29	0.38	-0.02	0.01	0.02	0.04	0.06
HSBC Tax Saver Equity Fund (G)	-0.01	-0.15	0.21	-0.07	0.04	0.02	0.06	0.07
BNP Paribas Tax Advantage Plan (G)	-0.07	-0.45	-0.71	-0.03	0.18	0.00	0.03	0.07
Religare Tax Plan (G)	0.22	-0.25	0.45	0.02	0.07	-0.02	0.04	0.05
L&T Tax Advantage (G)	0.08	-0.11	0.26	0.10	0.01	-0.03	0.04	0.02
HDFC Long Term Advantage (G)	-0.06	-0.29	0.34	0.08	0.05	-0.04	0.02	0.01
ICICI Pru Tax Plan (G)	-0.04	-0.28	0.17	0.02	0.05	-0.01	0.03	0.07

### **Computation Methodology:**

Jensen ratio is another type of risk-adjusted performance measure that was developed by Michael Jensen and is referred to as the Jensen's measure or Jensen's Alpha . This ratio attempts to measure the differential between the actual return earned on a portfolio and the return expected from the portfolio given its level of risk. The formula for calculating Jensen ratio may be stated as follows:

$$\text{Return of Fund} - \{\text{Rf} + [\beta * (\text{Rm}-\text{Rf})]\}$$

Jensen's alpha is used to evaluate whether the fund or portfolio has outperformed or have earned excess return than expected at a given level of risk.

### **Interpretation:**

It can be seen that in 2008-09 all funds have negative alpha indicating that they have failed to provide excess returns than the expected returns. In 2009-10, CanaraRobeco has provided good returns than expected as compared to other funds, but BNP Paribas has failed in providing excess returns as its alpha is negative. In 2010-11, DSP Black Rock, HSBC and BNP have failed to provide excess returns than expected as their alpha is negative while other funds have a positive alpha. In 2011-12, all funds have positive alpha indicating their success in providing excess returns with BNP Paribas being the best performer.

In the first quarter of 2012-13 all funds have shown negative returns except DSP blackrock, HSBC, Bnp Paribas and CanaraRobeco. In the second quarter and third quarter of 2012-13 all the funds have positive alpha indicating their ability to give excess returns with Reliance tax saver and ICICI prudential being the best performers respectively.

**Table 9:** Fund's Outperformance as measured by Intercept

Scheme	Intercept							
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (Q1)	2012-13 (Q2)	2012-13 (Q3)
Rf	7.40%	7.13%	4.23%	6.22%	8.37%	1.97%	1.97%	1.97%
Can Robeco EqtyTaxSaver (G)			0.20%	0.03%	0.03%	0.03%	0.05%	0.02%
Franklin India Tax Shield (G)	0.01%	0.01%	0.11%	0.02%	0.03%	-0.02%	0.05%	0.06%
Reliance Tax Saver (ELSS) (G)	-0.04%	-0.03%	0.15%	0.02%	0.03%	-0.02%	0.08%	0.05%
DSP-BR Tax Saver Fund (G)	1.41%	-2.22%	0.21%	-0.02%	0.36%	0.01%	0.00%	1.46%
HSBC Tax Saver Equity Fund (G)	-0.02%	-0.02%	0.13%	-0.01%	0.02%	0.11%	0.07%	0.06%
BNP Paribas Tax Advantage Plan (G)	-0.10%	0.07%	-0.02%	0.04%	0.05%	0.02%	0.05%	0.08%
Religare Tax Plan (G)	0.06%	-0.06%	0.16%	0.01%	0.03%	-0.02%	0.06%	0.05%
L&T Tax Advantage (G)	0.01%	-0.01%	0.14%	0.04%	0.01%	-0.02%	0.05%	0.04%

HDFC Long Term Advantage (G)	-0.01%	-0.06%	0.10%	0.03%	0.02%	-0.03%	0.03%	0.01%
ICICI Pru Tax Plan (G)	-0.01%	-0.06%	0.07%	0.01%	0.01%	0.003%	0.03%	0.08%

### **Computation Methodology:**

Intercept is the statistical measure used to find the value of a dependent variable when independent variable is zero. In the context of mutual fund performance evaluation, (assuming linear distribution of the returns) fund return is considered as dependent variable and market return as independent variable.

So using intercept, we can find the value of fund return if market return is zero. Intercept can be calculated by inserting the value of x as zero in the following regression equation:

$$Y = a + bX$$

It can also be calculated using the excel function 'Intercept'. It measures the extent to which a fund or portfolio outperforms the benchmark index.

### **Interpretation:**

In 2007-08, DSP Blackrock has been the best outperformer with 1.41% as intercept.

In 2008-09, except Franklin India and BNP Paribas all funds have negative intercept as their returns are negative.

In 2009-10, except BNP Paribas all funds have positive intercept with Religare being the best amongst others.

In 2010-11, all funds have positive intercept except DSP and HSBC.

In 2011-12, all funds have positive intercept.

In the first quarter of 2012-13, Franklin, Reliance, Religare, L&T and HDFC have depicted negative intercept while HSBC has been the best outperformer among others. In the second quarter of 2012-13 all funds have positive intercept with Reliance being the best performer. In the third quarter of 2012-13 all funds have positive intercept with DSP Blackrock being the best performer.

## **(VI) EVALUATION AND OUTCOME OF RESEARCH:**

**Table 10: Ranking**

	Return	Standard Deviation	Beta	Sharpe	Treynor	Jensen	Intercept	Weighted Average	Overall Ranking
Weights	0.0714	0.0714	0.0714	0.1964	0.1964	0.1964	0.1964		
Can Robeco EqtyTaxSaver (G)	1	1	4	1	1	1	2	1.411	1
Franklin India Tax Shield (G)	3	8	5	3	3	3	5	3.893	3
Reliance Tax Saver (ELSS) (G)	7	6	3	8	6	6	7	6.446	7
DSP-BR Tax Saver Fund (G)	4	9	7	5	5	4	1	4.375	4
HSBC Tax Saver Equity Fund (G)	6	7	9	6	7	7	3	6.089	6
BNP Paribas Tax Advantage Plan (G)	9	5	10	4	10	10	8	8.000	8
Religare Tax Plan (G)	2	2	1	2	2	2	4	2.321	2
L&T Tax Advantage (G)	5	4	8	7	4	5	6	5.536	5
HDFC Long Term Advantage (G)	8	3	6	9	9	8	10	8.286	9
ICICI Pru Tax Plan (G)	10	10	2	10	8	9	9	8.643	10

## **Methodology used for Ranking:**

Weighted average has been used to give rankings to these schemes where weights are assigned to each measure. More weightage is given to the performance measures like Sharpe, Treynor, Jensen's Alpha and Intercept whereas less weight is given to returns, standard deviation and Beta. Based on the weights assigned on the above mentioned parameters, CanaraRobeco stands at no.1 position and Religare Tax Plan at no.2 Position while ICICI Prudential stands at no.10 position.

## **(VII) CONCLUSION:**

To conclude it can be said that on the basis of parameters evaluated, Canara Robeco has been the best performer while ICICI Prudential has been the worst performer. Religare Tax saver has the least beta

henceit can be considered less risky than market and other funds. Hence from the mentioned funds, investors can benefit most by investing in CanaraRobeco Equity Tax Saver G.

This paper evaluated the risk-adjusted performance of tax-saving mutual funds in Indiaby analyzing the risk and return of the funds in various periods and comparing them to those of the benchmark index. Examining the fund volatility, it is found that the highest volatility is observed in 2008-09. Investors who want to invest in tax-saving mutual funds need to make two decisions. The first is, which fund to hold, and the second is, how much money to invest in it. This study helps the investors to choose the suitable schemes for investment. It is also stated that the past performance of the funds does not reflect in their future performance. Most of the schemes performed well in the initial period. This study not only shows that all the tax-saving mutual funds are volatile, but also that not all schemes' volatility is lesser than that of the benchmark 'SENSEX'. It is also observed that most of the schemes give higher return than the benchmark S&P CNX NIFTY. Investors' interest and keen updation of the market will help them attain their expected return from the ELSS of tax-saving mutual funds.

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## **"HRM – Competing through technology using e-HRM"**

*Prof. Gunjan Hasijani*

*Ass. Professor*

*H & G H Mansukhani Institute of Management*

### **Abstract**

Innovation is critical to the competitive success of virtually all the companies. Whether one is on the leading edge, or following an imitation strategy, innovation is the only sustainable advantage.

Innovation is the transformation of creative ideas into tangible, practical products, services, or business practices. Innovations are becoming more and more important today as a safeguard for the continuity of organizations. Organizations that do not innovate run a large risk to become obsolete and to demise in the end. Thus, in the era of globalization while racing towards 21st Century, organizations are becoming increasingly competitive, dynamic, innovative and productive. It is in this context that they need to innovate in all the areas including HR, so that their employees are prepared to meet the challenges of the knowledge-based economy and also respond to the dynamics of work environment with technological and high level thinking skills.

Human Resource Management is, thus undergoing a massive transformation that will change the corporate scenario in uncertain ways. Employers are placing greater emphasis on business acumen and are automating and outsourcing many functions. Technology, here, plays an important role. New technology is application of knowledge, procedures and equipments that have not been used previously. New technology usually involves automation – that is replacing human labour with equipment, information processing or the combination of two. Over here, e-HRM comes into picture. e-HRM is a way of implementing HR strategies, policies, and practices in organizations through a conscious and directed support of and/or with the full use of web-technology-based channels.

**This paper aims at demystifying e-HRM by answering the following questions:** What actually is e-HRM? What are the goals of starting with e-HRM? How organizations can transform their manual HR functions into e-HRM? What problems come into picture while using e-HRM? International organizations using e-HRM and along with this one organization in India has been studied that has already been on the 'e-HR road' for many years.

## **Introduction**

Innovation is critical to the competitive success of virtually all the companies. Whether one is on the leading edge, or following an imitation strategy, innovation is the only sustainable advantage.

Innovations can be defined as “deliberate and radical changes in existing products or services, processes or the organization in order to reach competitive advantage compared with competitors.” (De Leede 1997).

Innovations are becoming more and more important as a safeguard for the community of organizations. Organizations that do not innovate run a large risk to become obsolete and to demise in the end. Thus, to stay in this competition, organizations must innovate across a variety of fronts such as business models, organization structures, marketing and even HR, instead of banishing innovation initiatives to the research division of a company.

HRM can be defined as “all management decisions and activities that affect the nature of the relationship between the organization and its employees—the human resources.” (Beer et al. 1984).

Human Resource Management is undergoing massive transformation today because of globalization. Thus, in this era of globalization while racing towards the 21st Century, organizations have to become dynamic, innovative and productive. It is in this context that organizations need to innovate HR practices to prepare employees meet challenges of a knowledge-based economy and to respond to the dynamics of the work environment with technological and thinking skills. New technology usually involves automation – that is replacing human labour with equipment, information processing or the combination of two. Over here, e-HRM comes into picture.

## **Objectives of the study**

The study was planned with the following objectives:

- To know what actually e-HRM is.
- To explore why should organizations adopt e-HRM.
- To know how organizations can transform their manual HR functions into e-HRM.
- To study how e-HRM is carried on at HPCL.

## **Methodology**

Research Instruments:

In-depth open-ended questionnaire and interview at HPCL.

### **Sources of data:**

Secondary Sources: Books, magazines, journals and various web sites

Primary Data: Questionnaire and in-depth interview.

### **Data collection:**

Both primary and secondary data were collected for the research. Prior telephonic appointment of the concerned person at HPCL was fixed and primary data was collected by conducting in-depth interview at the company.

### **e-HRM**

e-HRM is a way of implementing HR strategies, policies, and practices in organizations through a conscious and directed support of and/or with the full use of web-technology-based channels.

Over the past 5-10 years, as HRM functions sought to play a more strategic role in their organizations, the first task was to eliminate transactional tasks in order to free up time to focus on traditional and transformational activities. Part of building a strategic HR function requires moving much of the transactional work away from being done by people so that the people can have time available to work on strategic activities. This is basically done with the help of technology. Early all this was achieved by the development and implementation of information systems that were run by the HR department but more recently have evolved into systems that allow employees to serve themselves. Thus, for example, employees can access the system and make their benefit enrollment, changes or claims online. Clearly, technology has freed HRM functions from transactional activities to focus much on the strategic side.

### **How e-HRM came into picture?**

For decades, HRM has drawn upon electronic/computer technology as much as on management technology like industrial engineering, quality, strategic planning. In the 70's the data processing machines took over the payroll and attendance functions, gave numbers to people and knew the deductions to be made – the ESI, the PF, the tax, the housing loans, car loans, festival advances, etc. They quickly and automatically adjusted for leave encashment, pay, half-pay, increments, and revisions in any of the elements on account of wage agreements. Automation took away the drudgery of using "facit" machines and 40-columned huge sheets to prepare wage data. By the mid 80's personnel records started getting computerized and then the search has been for a

fully integrated HRIS (HR information system) that would help HR Managers to access information fast, make information available to several people simultaneously and analyze information for decision purposes, data analysis, extrapolation and the like. The HRIS, implemented in several big corporates by mid-90s, has driven down the time and cost of running HR processes and improved the reliability and timeliness of decisions. All this can be termed as "first wave".

With the advent of the ERP, the effort has been to integrate HRM with the entire business, though the results have been rather mixed. BPR, which has been integral to the ERP in several companies reduced the time-lines and improved the effectiveness of HR function. It is another matter, and an embarrassing one, that several HR related IT projects have a dubious cost-benefit ratio. In all these developments in the second wave, the personnel administration has been converted to electronic version. The drudgery was taken over, giving space for the HR professional to concentrate on the core of the function – assessment, development, and motivations.

In the third wave which overlaps the second, the internet has given an added thrust – extranets, knowledge managements, electronic communications, work-flow processing, distance learning, self-paced learning have made HR very different, especially in the software companies, from the known versions in the old economy industries. There are now a host of electronic tools or "toys" available to give the HR professional a new look altogether. These tools have made some processes in HR easy to handle.

### **Goals of e-HRM**

The following goals on e-HRM drive the stakeholders in the organization to set a framework for the real e-HRM applications:

1. Improving the strategic orientation of HRM
2. Cost reduction/efficiency gains
3. Client service improvement/facilitating management and employees.

### **Types of e-HRM**

E-HRM is not a specific stage in the development of HRM, but a choice for an approach to HRM. Lepak and Snell (1998) distinguish three areas of HRM where organizations can choose to 'offer' HR services face-to-face or through an electronic means, namely operational HRM,

relational HRM and transformational HRM.

The first area, operational HRM, concerns the basic HR activities in the administrative area. One could think of salary administration (payroll) and personnel data administration. The second area, relational HRM, concerns more advanced HRM activities. The emphasis here is not on administering, but on HR tools that support basic business processes such as recruiting and the selection of new personnel, training, performance management and appraisal, and rewards. Transformational HRM, the third area concerns HRM activities with a strategic character. Over here, activities regarding organizational change processes, strategic re-orientation, strategic competence management, and strategic knowledge management are taken into consideration.

In cases where an organization consciously and in a focused way chooses to put in place web technology for HRM purposes, we can speak of e-HRM. With this line of reasoning, three types of e-HRM can be distinguished: Operational e-HRM, Relational e-HRM, and Transformational e-HRM.

#### **Consequences of using e-HRM for the HR department**

E-HRM plays an active role for line management and employees in implementing HRM strategies, policies, and practices. In terms of the more operational and information processing work, such as administration, registration and information distribution, there is less demand for HR people. This seems most logical for organizations with an operational e-HRM approach. However, also with a relational e-HRM approach dominating, a smaller HR staff is necessary if line management and employees pick up and use the HRM instruments provided by the HR intranet.

There is need of HR experience for the renewal of instruments and to prepare them for easy intranet-based use. Finally, with a more transformational e-HRM approach, strategic HRM expertise is necessary in order to formulate adequate strategic HRM plans.

#### **Basically e-HRM enables:**

The creation of a paperless employment office.

Streamlining the HR departments work.

Knowledge-based decision support technology, which allows employees and managers to access knowledge as needed.

Work to be completed at any place.

Prompt insight into reporting and analysis

A more dynamic workflow in the business process, productivity and employee satisfaction

## **How organizations can transform their manual HR functions into e-HRM?**

### **Recruitment and Selection**

Traditional recruitment and selection processes have required considerable face-to-face communications with recruitment firms and potential employees, labour-intensive assessment devices, and significant monitoring of managerial decisions to ensure that hiring patterns and decisions do not run afoul of regulatory requirements. However, technology has transformed these processes.

For example, online recruiting accounted for one of every eight hires last year, according to kforce.com's poll of 300 U.S. Companies. IBM employees now fill out forms on the web to identify contract help they need, and that information is immediately sent to 14 temp agencies. Within an hour agencies respond with resumes for review, allowing IBM to cut hiring time from 10 days to 3 and save \$ 3 million per year.

In addition, firms such as Q-Hire in Austin, Texas, provide online testing services. Applicants for positions at a firm are directed to a website where they complete an assessment device. Their scores are immediately compared to an ideal profile and this profile comparison is communicated to the company screening manager. Thus, firms can gather considerable amounts of relevant information about potential employees long before they ever need to set foot on company premises.

### **Compensation and Rewards**

Compensation system in organizations probably reflect the most pervasive form of bureaucracy within HRM. In spite of the critical role they play in attracting, motivating and retaining employees, most systems consist of rigid, time-consuming and ineffective processes. Managers fill out what they believe to be useless forms, ignore guidelines and display a general disdain for the entire process.

Leveraging technology may allow firms to better achieve their compensation goals with considerably less efforts. For example, one problem many merit or bonus pay plans face is that managers refuse to differentiate among performers, giving everyone equal pay increases.

This allows them to spend less time thinking and also creates lower motivation amongst the employees.

To minimize this, Cypress Semiconductors requires managers to distinguish between equity and merit and forces distribution with regard to both concepts. These ratings are then input into the system, so that the firm can monitor and control the rating process to ensure that adequate differentiations are made consistent with the policy.

### **Training and Development**

Exploring different vehicles for delivering training (PC, Video) certainly is not a new concept. In addition, a number of firms have begun delivering training via the Web. Their experience suggests that some types of training can be done effectively via the Internet or on an intranet. For example, companies such as IBM and Dell boast that they have developed Internet-based training for their workforce.

Interestingly, the challenge of speedy delivery of HRM services brings the concept of Internet-based training to the forefront. In today's competitive environment, firms compete to attract and retain both customers and talented employees. How well a firm develops and treats existing employees largely determines how well it achieves these outcomes.

### **Retaining the best employees**

Creating and nurturing a committed workforce presents a tremendous challenge to firms today. Consider the traditional attitude survey. Basically, the results of the survey come into picture after 12-18 months which is a very long duration.

Now consider technology that can shorten the cycle. E-plus represents one attempt to create a platform for almost real-time attitude surveys. Developed by Theresa Welbourne at the University of Michigan, E-plus is a scalable survey device administered online. The survey goes online and when the employees complete it, the data are immediately entered and analyzed. In essence, the part of the process that took four months in the past has been reduced to a day.

### **International organizations using e-HRM**

A survey was conducted by Huub Ruël, Tanya Bondarouk, Jan Kees Looise on the companies using e-HRM. The four companies which were taken into consideration were: Dow Chemicals, ABN AMRO, Ford Motor Company and IBM. All of them operated internationally, and all of these have linked their e-HRM plans with their aim of becoming a global

company rather than an internationally dispersed one.

### **The survey had the following outcomes:**

**Dow Chemicals:** For them e-HRM proved to be cost effective, there was a growth in employee competences and more open culture.

**Ford Motor Company:** The company has HR-intranet site (HR Online). Over here 80% if the employees consider HR Online as a primary source of HR.

**IBM:** Over here there was a cost reduction of 57% by using e-HRM, there was a change in the organizational climate and improved communications.

### **About HPCL**

**HPCL** is a **Government of India Enterprise** with a **Navratna Status**, and a **Fortune 500 and Forbes 2000 company**, with an annual turnover of Rs. 1,69,011 Crores and sales/income from operations of Rs 1,88,130 Crores (US\$ 36.975 Billions) during FY 2011-12, having about 20% Marketing share in India among PSUs and a strong market infrastructure.

The Corporation operates 2 major refineries producing a wide variety of petroleum fuels & specialties, one in Mumbai (West Coast) and the other in Vishakapatnam,. HPCL holds an equity stake of 16.95% in Mangalore Refinery & Petrochemicals Limited, a state-of-the-art refinery at Mangalore. In addition, HPCL is progressing towards setting up of a refinery in the state of Punjab in the joint sector.

### **e-HRM at HPCL – Findings**

HR plays a role of Administrative expert where the focus of its activities is towards building an efficient infrastructure for delivery of HR services.

At HPCL, all the functions within HR have been very aggressive in leveraging technology to ensure improvements and efficiency in HR processes. Today, all the HR processes like employee database management, training, performance management, industrial relations and administration of benefits is through e-HRM.

### **Training and Development**

The training and development department at HPCL has started to

leverage on Information Technology for collapsing the distances across the corporations, for developing and nurturing all its employees. The Training and Development department has also embarked upon a structured e-learning initiative wherein the employees are provided access to various e-learning modules on different subjects. An interactive training portal has complete details of the scheduled training programs, the competencies expected out of different positions and the details of various activities. The training portal also has provisions to invite nominations from the employees, enabling them to nominate themselves for the programs of their interests online.

### **Online Information Sharing**

HPCL also has an intranet based portal which is one stop information hub for all employees regarding company's vision, policies, projects, initiatives, achievements. 'My HPCL' portal has comprehensive employee related information like compensation, benefits, training. Employees can apply online for different facilities like holiday homes, leaves, leave encashment, etc. For benefits of the employees in non-management cadre who may not be very IT savvy, they have installed finger touch information kiosks at all major work stations.

### **Performance Management**

The performance management department has launched an online performance management system which enables online goal setting, quarterly and final review and also rating by the respective supervisors. Thus at HPCL, constant efforts are made to continuously review HR processes and they also strive to bring about more efficiency by leveraging technology.

### **Conclusion**

e-HRM is an innovation in terms of HRM. In the first place because of the opportunities it creates to put employee-management relationships in the hands of the employees and line managers. In the second place because information technology creates possibilities to design HRM tools and instruments that would not be possible without this information technology.

Overall, the curiosity is not yet satisfied; actually we are only at a preliminary stage regarding the relationship between IT and HRM in organizations – there is still a long way to go.

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# **A Study Of Consumer Sales Promotion Practices Of Different Retailers**

*Dr. (Prof) Swati Sabale*

*Director, H & G H Mansukhani Institute of Management.*

Mrs. Surbhi Agarwal

Lecturer (Marketing), Dilkap Research Centre & Institute of  
Management Studies.

## **ABSTRACT:**

In this highly competitive phase where consumers are bombarded with numerous purchase choices, retailers are leaving no stone unturned to attract and retain consumers. Consumer sales promotion is one of the tools used by companies to achieve the desired results. An essential component of the promotion mix, meant to increase short term sales, Consumer sales promotion take up a large share of the total marketing expenditure. The advantages of sales promotion are many, to name a few, accurate targeting, precise timing and tangibility in results etc.

The present paper is an enquiry into the various consumer sales promotion activities carried out by Lifestyle International Pvt. Ltd., Mc Donald's and Titan Watches. Based on the analysis the paper recommends a few what innovative promotional techniques.

The insights from this research should be of significant value to middle and higher level marketing managers as well as to marketing students. Also, this initial work is expected to rise to other related studies and widening the scope of the study.

**KEYWORDS** – Promotions, Consumer Sales Promotion, Loyalty Programs.

## **INTRODUCTION**

In this age of globalization hyper competition has become a regular feature. Today the markets are no less than battlegrounds and one has to strive very hard for survival and growth. Actually in recent trend to some extent this technique also became victim of clutter, even though it can be eliminated by generating innovative and more attractive tools to lure the customers. Now-a-days most of the FMCG companies are considering sales promotion as an important part of their marketing strategy. From the analysis of survey it becomes clear that competing firms keep on stimulating their sales by offering luring sales promotion to the customers.

Aaditi Isaac reports, the retail sector in India is growing at a phenomenal pace. According to the Global Retail Development Index 2012, India ranks fifth among the top 30 emerging markets for retail. The recent announcement by the Indian government with Foreign Direct Investment (FDI) in retail, especially allowing 100% FDI in single brands and multi-brand FDI has created positive sentiments in the retail sector.

"There are many factors contributing to the boom in this sector. To name a few, increased consumerism with a capacity to spend on luxury items and increased spending power in the hands of Indians. More Indians are travelling abroad and are exposed to different cultures and way of life and thereby more brands. India's internal consumption is also high and the consumption pattern owing to diversity in culture, religion and the family values that encourage spending on specific occasions keeps the retail business well oiled. Marriages add a big dimension to the retail spends. Indian culture expects a lot of give-and-take for marriages, festivals and other important events of life. Hence, it's imperative for people right from rural to the urban, irrespective of their caste and creed or economic status, to spend on gifts as a part and parcel of life. And that's the reason worldwide retailers eye the Indian market," says Swati Salunkhe, managing director, Growth Centre (I) Pvt. Ltd.

The size of India's retail sector is currently estimated at around \$450 billion and organized retail accounts for around 5% of the total market share. Ratings agency Fitch has assigned a stable outlook to the retail sector for 2012 as factors like expected sales, growth-driven expansion and efficient working capital management are likely to benefit retail companies. It is estimated that the retail sector would continue to grow at 10-12 % per annum, which is extremely encouraging when the country's economy is only projected to grow at 6%.

Within retail, the emerging sectors would be food and grocery, apparel, electronics, e-commerce, fashion and lifestyle. "The upcoming areas within retail are luxury, super specialty stores / malls, and renewed emphasis on high streets. Unfortunately, malls have become expensive affairs for most of the retailers. Therefore, a huge investment and emphasis has been laid down on e-tailing or online stores that has wider reach and are economically viable," says Darlie Koshy, DG and CEO, Institute of Apparel Management.

Sales promotion is one of the seven aspects of the promotional mix. (The other six parts of the promotional mix are advertising, personal selling, direct marketing, publicity/public relations, corporate image and exhibitions.) Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples include contests, coupons, freebies, loss leaders, point of purchase displays, premiums, prizes, product samples, and rebates.

Sales promotions can be directed at either to the customer, sales staff, or distribution channel members (such as retailers). Sales promotions targeted at the consumer are called consumer sales promotions. Sales promotions targeted at retailers and wholesale are called trade sales promotions.

Sales promotion includes several communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase.

Consumer sales promotions encompass a variety of short-term promotional techniques designed to induce customers to respond in some way. The most popular consumer sales promotions are directly associated with product purchasing. These promotions are intended to enhance the value of a product purchase by either reducing the overall cost of the product (i.e., get same product but for less money) or by adding more benefit to the regular purchase price (i.e., get more for the money).

While tying a promotion to an immediate purchase is a major use of consumer sales promotion, it is not the only one. Promotion techniques can be used to achieve other objectives such as building brand loyalty or creating product awareness. Consequently, a marketer's promotional toolbox contains a large variety of consumer promotions.

Different samples of retailers are been studied in this descriptive as well as explorative type of research in order to know the consumer sales promotions activities carried out in their stores / outlets. The primary as well as secondary sources were utilized in order to collect the data.

#### **LITERATURE REVIEW:**

According to Philip Kotler, "Sales Promotion consists of short term

incentives to encourage purchase or sales of a product or service, whereas advertising and personal selling offer reasons to buy a product or service, sales promotion offers reasons to buy now.”

**William D Perreault, Jr and E Jerome McCarthy** refers to sales promotion as those promotion activities – other than advertising, publicity and personal selling – that stimulate interest, trial or purchase by final customers or others in the channel.

According to **Rajan Saxena** sales promotion is an incentive to buy. It collectively comprises the tool used to promote sales in a given territory and time.

**American Marketing Association (AMA)** describes sales promotion as the media and non-media marketing pressures applied for a predetermined, limited period of time at the level of consumer, retailer or wholesaler in order to stimulate trial, increase consumer demand or improve product availability. The Association also describes consumer sales promotions as externally directed incentives offered to the ultimate consumer which usually consist of offers such as coupons, premiums, rebates, etc., designed to gain one or more of the following: product trial; repeat usage of product; more frequent or multiple product purchases; introduce a new/improved product; introduce new packaging or different size packages; neutralize competitive advertising or sales promotions; capitalize on seasonal, geographic, or special events; encourage consumers to trade up to a larger size, more profitable line, or another product in the line.

According to **Gazu Lakhota** consumer sales promotion is when various sales promotion tools such as free samples, premium on sale, prize contests, dealer incentives, coupons and gifts, etc., are being used to stimulate market demand for products of daily use. The basic purpose is to stimulate on the spot buying through short term and non-recurring incentives.–

### **CONSUMER SALES PROMOTIONS**

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Next we discuss the following 11 types of consumer sales promotions:

- 1.Coupons
- 2.Rebates
- 3.Promotional Pricing
- 4.Trade-In
- 5.Loyalty Programs
- 6.Sampling and Free Trials
- 7.Free Product
- 8.Premiums
- 9.Contests and Sweepstakes
- 10.Demonstrations
- 11.Personal Appearances

**1.COUPONS** - Most consumers are quite familiar with this form of sales promotion, which offers purchasers price savings or other incentives when the coupon is redeemed at the time of purchase. Coupons are short-term in nature since most (but not all) carry an expiration date after which the value may not be received. Also, coupons require consumer involvement in order for value to be realized. In most cases involvement consists of the consumer making an effort to obtain the coupon (e.g., clip from newspaper) and then presenting it at the time of purchase.

Coupons are used widely by marketers across many retail industries and reach consumers in a number of different delivery formats including:

Free-Standing Inserts (FSI) – Here coupon placement occurs loosely (i.e., inserted) within media, such as newspapers and direct mail, and may or may not require the customer to cut away from other material in order to use.

- Cross-Product – These consist of coupons placed within or on other products. Often a marketer will use this method to promote one product by placing the coupon inside another major selling product. For example, a pharmaceutical company may imprint a coupon for a cough remedy on the box of a pain medication. Also, this delivery approach is used when two marketers have struck a cross promotion arrangement where each agrees to undertake certain marketing activity for the other.
- Printout – A delivery method that is common in many food stores is to present coupons to a customer at the conclusion of the purchasing process. These coupons, which are often printed on the spot, are intended to be used for a future purchase and not for the current purchase which triggered the printing.
- Product Display – Some coupons are nearly impossible for customers to miss as they are located in close proximity to the product. In some instances coupons may be contained within a coupon dispenser fastened to the shelf holding the product while in other cases coupons may be attached to a special display where customers can remove them (e.g., tear off).
- Internet – Several specialized websites, such as HotCoupons.com, and even some manufacturer's sites, allow customers to print out coupons. These coupons are often the same ones appearing in other media, such as newspapers or direct mail. In other cases, coupons may be sent via email, though to be effective the customer's email program must be able to receive HTML email (and not text only) in order to maintain required design elements (e.g., bar code).
- Electronic – The Internet is also seeing the emergence of new non-printable coupons redeemable through website purchases. These electronic coupons are redeemed when the customer enters a designated coupon code during the purchase process.

**2. REBATES** - Rebates, like coupons, offer value to purchasers typically by lowering the customer's final cost for acquiring the product. While rebates share some similarities with coupons, they differ in several key aspects. First, rebates are generally handed or offered (e.g., accessible on the Internet) to customers after a purchase is made and cannot be used to obtain immediate savings in the way coupons are used. (So called "instant rebates", where customers receive price reductions at the time of purchase, have elements of both coupons and rebates).

Second, rebates often request the purchaser to submit personal data in order to obtain the rebate. For instance, customer identification, including name, address and contact information, is generally required to obtain a rebate. Also, the marketer may ask those seeking a rebate to provide additional data such as indicating the reason for making the purchase.

Third, unlike coupons that always offer value when used in a purchase (assuming it is accepted by the retailer), receiving a rebate only guarantees value if the customer takes actions. Marketers know that not all customers will respond to a rebate. Some will misplace or forget to submit the rebate while others may submit after a required deadline. Marketers factor in the non-redemption rate as they attempt to calculate the cost of the rebate promotion.

Finally, rebates tend to be used as a value enhancement in higher priced products compared to coupons. For instance, rebates are a popular promotion for automobiles and computer software where large amounts of money may be returned to the customer.

**3. PROMOTIONAL PRICING** - One of the most powerful sales promotion techniques is the short-term price reduction or, as known in some areas, "on sale" pricing. Lowering a product's selling price can have an immediate impact on demand, though marketers must exercise caution since the frequent use of this technique can lead customers to anticipate the reduction and, consequently, withhold purchase until the price reduction occurs again.

**4. TRADE-IN** - Trade-in promotions allow consumers to obtain lower prices by exchanging something the customer possess, such as an older product that the new purchase will replace. While the idea of gaining price breaks for trading in another product is most frequently seen with automobile sales, such promotions are used in other industries, such as computers, where the customer's exchanged product can be resold by the marketer in order to extract value.

**5. LOYALTY PROGRAMS** - Promotions that offer customers a reward, such as price discounts and free products, for frequent purchasing or other activity are called loyalty programs. These promotions have been around for many years but grew rapidly in popularity when introduced in the airline industry as part of frequent-flier programs. Loyalty programs are also found in numerous other industries, including

pizza purchasing and online book purchases, where they may also be known as club card programs since members often must use a verification card as evidence of enrollment in the program.

Many loyalty programs have become ingrained as part of the value offered by a marketer. That is, a retailer or marketing organization may offer loyalty programs as general business practice. Under this condition loyalty program does not qualify as a sales promotion since it does not fit the requirement of offering a short-term value (i.e., it is always offered). However, even within a loyalty program that is part of a general business practice, a sales promotion can be offered such as special short-term offer that lowers the number of points needed to acquire a free product.

**6. SAMPLES, FREE PRODUCT AND PREMIUMS** - Enticing members of a target market to try a product is often easy when the trial comes at little or at no cost to the customer. The use of samples and free trials may be the oldest of all sales promotion techniques dating back to when society advanced from a culture of self-subsistence to a culture of trade.

Sampling and free trials give customers the opportunity to experience products, often in small quantities or for a short duration, without purchasing the product. Today, these methods are used in almost all industries and are especially useful for getting customers to try a product for the first time.

Some promotional methods offer free products but with the condition that a purchase be made. The free product may be in the form of additional quantities of the same purchased product (e.g., buy one, get one free) or specialty packages (e.g., value pack) that offer more quantity for the same price as regular packaging.

Another form of sales promotion involving free merchandise is premium or "give-away" items. Premiums differ from samples and free product in that these often do not consist of the actual product, though there is often some connection. For example, a cellphone manufacturer may offer access to free downloadable ringtones for those purchasing a cellphone.

**7. CONTESTS AND SWEEPSTAKES** - Consumers are often attracted to promotions where the potential value obtained is very high. In these promotions only a few lucky consumers receive the value offered in the

promotion. Two types of promotions that offer high value are contests and sweepstakes.

Contests are special promotions awarding value to winners based on skills they demonstrate compared to others. For instance, a baking company may offer free vacations to winners of a baking contest. Contest award winners are often determined by a panel of judges.

Sweepstakes or drawings are not skill based but rather based on luck. Winners are determined by random selection. In some cases the chances of winning may be higher for those who make a purchase if entry into the sweepstake occurs automatically when a purchase is made. But in most cases, anyone is free to enter without the requirement to make a purchase.

A sub-set of both contests and sweepstakes are games, which come in a variety of formats such as scratch-off cards and collection of game pieces. Unlike contests and sweepstakes, which may not require purchase, to participate in a game customers may be required to make a purchase.

**8. DEMONSTRATIONS AND PERSONAL APPEARANCES** - Many products benefit from customers being shown how products are used through a demonstration. Whether the demonstration is experienced in-person or via video form, such as over the Internet, this promotional technique can produce highly effective results. Unfortunately, demonstrations are very expensive to produce. Costs involved in demonstrations include paying for the expense of the demonstrator, which can be high if the demonstrator is well-known (e.g., nationally known chef), and also paying for the space where the demonstration is given.

An in-person or personal appearance by someone of interest to the target market, such as an author, sports figure or celebrity, is another form of sales promotion capable of generating customer traffic to a physical location. However, as with demonstrations, personal appearance promotion can be expensive since the marketer normally must pay a fee for the person to appear.

### **TRADE SALES PROMOTIONS**

Certain promotions can help "push" a product through the channel by encouraging channel members to purchase and also promote the

product to their customers. For instance, a trade promotion aimed at retailers may encourage retailers to instruct their employees to promote a marketer's brand over competitors' offerings. With thousands of products competing for limited shelf space, spending on trade promotion is nearly equal that spent on consumer promotions.

Many sales promotions aimed at building relationships with channel partners follow similar designs as those directed to consumers including promotional pricing, contests and free product. In addition to these, several other promotional approaches are specifically designed to appeal to trade partners. These approaches include:

1. Point-of-Purchase Displays
2. Advertising Support Programs
3. Short Term Allowances
4. Sales Incentives or Push Money
5. Promotional Products
6. Trade Shows

**1. POINT OF PURCHASE DISPLAYS** - Point of purchase (POP) displays are specially designed materials intended for placement in retail stores. These displays allow products to be prominently presented, often in high traffic areas, and thereby increase the probability the product will standout. POP displays come in many styles, though the most popular are ones allowing a product to stand alone, such as in the middle of a store aisle or sit at the end of an aisle (i.e., end-cap) where it will be exposed to heavy customer traffic.

For channel partners, POP displays can result in significant sales increases compared to sales levels in a normal shelf position. Also, many marketers will lower the per-unit cost of products in the POP display as an incentive for retailers to agree to include the display in their stores.

**2. ADVERTISING SUPPORT PROGRAMS** - In addition to offering promotional support in the form of physical displays, marketers can attract channel members' interest by offering financial assistance in the form of advertising money. These funds are often directed to retailers who then include the company's products in their advertising. In certain cases the marketer will offer to pay the entire cost of advertising, but more often, the marketer offers partial support known as co-op advertising funds.

**3. TRADE ALLOWANCES** - This promotion offers channel partners price breaks for agreeing to stock the product. In most cases the allowance is not only given as encouragement to purchase the product but also as an inducement to promote the product in other ways such as by offering attractive shelf space or store location, highlighting the product in company-produced advertising or website display, or by agreeing to have the retailer's sales personnel "talk-up" the product to customers. Allowances can be in the form of price reductions (off-invoice promotion) and buy-back guarantees if the product does not sell in certain period of time.

**4. SALES INCENTIVES OR PUSH MONEY** - Since sales promotions are intended to stimulate activity that leads to meeting promotional objectives, it makes sense that these can also apply to those in a channel member's organization who also affect sales. Thus, a marketer may offer sales promotions to their reseller's sales force and customer service staff where they are used as incentives to help sell more of the marketer's product. Sometimes called push money, these promotions typically offer employees cash or prizes, such as trips, for those that meet sales requirements.

**5. PROMOTIONAL PRODUCTS** - Among the most widely used methods of sales promotions is the promotional product; products labeled with the brand or company name that serve as reminders of the actual product. For instance, companies often hand out free calendars, coffee cups and pens that contain the product logo.

**6. TRADE SHOWS** - One final type of trade promotion is the industry trade show (exhibitions, conventions). Trade shows are organized events that bring both industry buyers and sellers together in one central location. Spending on trade shows is one of the highest of all sales promotions. Marketers are attracted to trade shows since these offer the opportunity to reach a large number of potential buyers in one convenient setting. At these events most sellers attempt to capture the attention of buyers by setting up a display area to present their product offerings and meet with potential customers. These displays can range from a single table covering a small area to erecting specially built display booths that dominate the trade show floor.

### **BUSINESS-TO-BUSINESS SALES PROMOTIONS**

The use of sales promotion is not limited to consumer products marketing. In business-to-business markets sales promotions are also

used as a means of moving customers to action. However, the promotional choices available to the B-to-B marketer are not as extensive as those found in the consumer or trade markets. For example, most B-to-B marketers do not use coupons as a vehicle for sales promotion with the exception of companies that sell to both consumer and business customers (e.g., products sold through office supply retailers). Rather, the techniques more likely to be utilized include:

- price-reductions
- free product
- trade-in
- promotional products
- trade shows

Of the promotions listed, trade shows are by far the mostly widely used sales promotion for B-to-B marketers.

#### **RESEARCH METHODOLOGY –**

The problem of the research is to identify the consumer sales promotion activities carried out by retailers.

The primary objective is to study consumer sales promotions as well as to explore the consumer sales promotion techniques or tools used by retailers today.

The secondary objectives include knowing about the retailers under study and recommending innovative consumer sales promotion tools for them.

The samples for collecting the primary data were the Branch Managers of the respective retail stores who were asked to fill the required data in a questionnaire of open and close ended questions. Besides, camera was also used in order to collect data of the current consumer sales promotion activities at the stores.

The retailers under study are Lifestyle International Pvt. Ltd., McDonald's and Titan Watches.

The samples (retailers) under study belong to different categories which was helpful in order to understand different categories to which they belong.

The limitations of the study are listed as under:

1. Most of the Branch Managers were hesitant to share data while the ones who shared data didn't co-operate completely.

2. The study is based on the responses of limited retailers from the industry and the responses might not provide the existent promotion practices and hence the sample size needs to be extended to gather information in detail.

3. The scope of the study is restricted to consumer sales promotion and trade sales promotions are not covered.

## **INTRODUCTION OF THE SAMPLES UNDER STUDY**

### **LIFESTYLE INTERNATIONAL PVT. LTD.**

Lifestyle International (P) Ltd, part of the prestigious Dubai based Landmark Group, started its operations in India with the launch of the first Lifestyle store in Chennai in 1999. In little over a decade's time, Lifestyle has established itself amongst the leading retail companies in India.

It is positioned as a youthful, stylish and a vibrant brand. Lifestyle Departmental stores offer its customers not just the ease of shopping but also an enjoyable shopping experience. Each Lifestyle store brings together five concepts under one roof – Apparel, Footwear, Children's Wear & Toys, Furniture & Home Furnishings, Beauty & Fashion Accessories - offering a convenience of a one-stop shop and a wide choice of national & international brands.

In keeping with the Group's tradition of making every shopping experience rewarding and memorable, The Inner Circle – Landmark Group's Loyalty program allows members, to enjoy exclusive benefits and privileges such as reward points and exciting offers. The Inner Circle is today recognized amongst the leading Loyalty Program in the country with an ever increasing base of customers. The card is accepted across all Landmark Group Stores in India including Lifestyle, Home Centre by Lifestyle, Max Fashion, Bossini, Spar Hypermarket, Polynation Food Court & Gloria Jean's Coffees.

### **Mc DONALD's INDIA**

McDonald's has 33,000 outlets across 119 countries, serving 69 million customers every day, but nowhere else has McDonald's been very flexible with its menu as in India.

In India, McDonald's has two Indian entrepreneurs: Amit Jatia, Vice Chairman, Hardcastle Restaurants Pvt. Ltd (HRPL), which has been awarded a Development Licensee status by McDonald's Corporation, U.S.A, spearheads McDonald's operations in West & South India, while McDonald's restaurants in North & East India is managed by Vikram Bakshi's Connaught Plaza Restaurants Private Limited, which is still a Joint Venture with McDonald's Corporation.

McDonald's India now has a network of over 250 restaurants across the country and is celebrating over 15 years of leadership in food service retailing in India. McDonald's India is a leader in the food retail space, with a presence of more than 250 restaurants serving more than 6.5 lakh customers daily in India.

HRPL is expanding its reach by expanding the portfolio and access points with formats like from kiosks, drive throughs, web-delivery and petrol pumps in addition to the restaurants.

### **TITAN WATCHES**

The World of Titan is the exclusive chain of Titan stores. With over 320 stores and presence in over 130 cities, the World of Titan is India's largest watch retailer. It offers customers the finest and largest range of Titan watches under the same roof.

The World of Titan has an offering for everyone – across different styles, ages, price points and brands. The wide range of watches, delightful store ambience and unmatched service ensure customer satisfaction. The brands offered by Titan Watches are Raga, Purple, Nebula, HTSC, Zoop, Edge, Tycoon, Obaku, Automatic, Bandhan, Octane, Orion, Tagged, Fastrack, Technology, Sonata, special Rhosur etc.

Apart from providing its customers with an incompetent retail experience The World of Titan has designed Gift Cards which can be passed on to customer's loved ones in order to choose their own gift. These cards are acceptable at all World of Titan outlets. Besides it also conducts Loyalty Programmes and offers Titan Signet membership cards to its customers.

### **FINDINGS AND ANALYSIS**

1) Amongst the following which consumer sales promotion tools are being used at your store for the current calendar year?

Sr. No.	Promotion Tools	Retailers		
		Lifestyle International Pvt. Ltd.	McDonalds India	Titan watches
1	Coupons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Rebates	X	X	X
3	Promotional Price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Trade In	<input type="checkbox"/>	X	<input type="checkbox"/>
5	Loyalty Programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Sampling & free Trials	X	<input type="checkbox"/>	X
7	Free Products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Premiums	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Contest & Sweepstakes	X	X	X
10	Demonstrations	X	X	X
11	Personal Appearance	<input type="checkbox"/>	<input type="checkbox"/>	X

**2) How are coupons provided to customers?**

Lifestyle International Pvt. Ltd. does not provide coupons for next purchases in any form whereas McDonald's after every few months sends out a little coupon book to promote its food. McDonald's coupons are circulated through newspapers, other stores that are partners with them who hand out coupon books, or even now just recently they have been giving coupons out on the back of receipts. Its coupons are also provided through websites like snapdeal.com and discountwala.com. The World of Titan on the other hand provides its coupons through websites like couponsmafia.com

**3) How are rebates provided to customers?**

None of the retail outlets under study use rebates for promoting their products.

**4) How are promotional pricing being done?**

All the three retailers under study go for promotional pricing through company's website, advertising it in different medium as well as store

displays. Discounts and Sale are announced by all the three retailers.

**5) How are trade-ins done?**

Lifestyle International Pvt. Ltd. rarely offers trade-ins. Currently the Lakme brand at their store is offering up to Rs. 100 off on selected range of new lipsticks. Mc Donald's on the other hand do not go for trade-ins. While Titan Watches promotes up to 25% discounts on exchange of old watches heavily in the month of August every year through Purana Lao Naya Le Jao promotional campaigns.

**6) How is the loyalty programs conducted?**

Lifestyle International Pvt. Ltd. offers loyalty programs to its Inner circle Members (silver, gold and platinum membership) by giving extra points for every purchase of Rs. 100, bonus points on birthdays and exclusive discount vouchers and exclusive promotions only for Inner Circle members. Mc Donald's does not conduct loyalty programs. Titan Watches conducts loyalty program by adding points to Signet membership after every purchase which can be redeemed on next purchase after some qualifying points are accumulated in the card.

**7) How are sampling, free trials and free products provided to consumer?**

Sampling and free trials are done by Mc Donald's after purchase wherein they offer sachets of masala for making French fries spicy (introduction stage). Lifestyle International Pvt. Ltd. offers free products by means of BOGOF either on shirts, t-shirts, jeans, bed sheets etc. Mc Donald's also offer free products by means of BOGOF; wherein two meals can be purchased at the cost of one; or by offering value pack of Extra Value Meals. Titan watches also offers free products by means of BOGOF on couple watches wherein the higher valued product's price has to be paid.

Mc Donald's also initiated offering free Coke Floats to their customers who show their college ID card and also to those who casted their vote on the day of election after confirmation of the ink mark on the left forefinger as proof along with their voter ID.

**8) How are premiums given?**

Lifestyle International Pvt. Ltd. offers premiums by giving free membership cards to its customers. Mc Donald's offers premium through their happy meals wherein a toy as a little something extra is been given on its purchase. While Titan Watches gives gifts as premiums.

**9) How are contests & sweepstakes done?**

Lifestyle International Pvt. Ltd. and Titan Watches do not use contests and sweepstakes in order to attract customers while McDonald's does it by means of sweepstakes after purchases.

**10) How demonstrations are done?**

There are no demonstrations done at either of the three sample retailers under study.

**11) Are there any other consumer sales promotion tools used at your store? If yes, please specify and explain.**

Lifestyle International Pvt. Ltd. has been found communicating its customers the offers by means of store announcements wherein any updated schemes or offers are announced for the shoppers in the store. They repeat the existing offers so that the ones who have missed about knowing the offer may come to know through this medium as well or it may be a reminder for others.

McDonald's uses Point-of-Sale displays for promoting sales wherein all the items in the menu are displayed behind the Point-of-Purchase. They also place Tri Fold Handouts at the Point-of-Purchase display for promoting new introductions in the menu or for describing any new offers. Besides they also organize birthday parties for children with their unique Birthday Packages which attracts large number of customers. The most unique for their industry is the concept of Gift Cards which are available in denominations of Rs. 100, Rs. 200 and Rs. 500 for gifting purpose.

Titan Watches also provides Gift Cards which can be passed on to customer's loved ones in order to choose their own gift. These cards are acceptable at all World of Titan outlets.

## **RECOMMENDATIONS**

**DEVELOPMENTS AND INNOVATIONS** - It can be seen through the findings that how retailers use almost every tool in order to attract customers and boost sales or maintain them. The innovations include the store announcements, Gift cards and Birthday offers.

- Amongst the innovative ways, the retailers can prompt their existing customers to bring references for them who become members for the store. The referral scheme can be of help to existing customers as well. Besides the references can be the sub members under them. Their

- benefit can be in the form of reward points which can be added to their membership cards for the purchases made by the references.
- EMI's or part payments or credit facilities can be another innovative way of promoting sales as the traditional retailers develop rapport with their customers and give these benefits. The organized chain store retailers under study and their competitors have not introduced this yet. This may help them in widening their scope of target market thereby increasing sales.

## **CONCLUSION**

A typical sales promotion budget covers almost 70% of the total consumer sales promotional budget. Sales promotion is a vehicle to defend the business against competitors. By giving users free coupons upon buying every product so as they can get considerable discount on the next purchase with a specified time will certainly bind the customers with the retail outlet and it will be unlikely that they will switch on a new retailer, even if it is being highly competitive.

Hence it is advisable to use innovative sales promotion tools so that customers may not fall for competitors store as they have the bargaining power today in this competitive era.

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## **QUESTIONNAIRE**

**Name of the store:** \_\_\_\_\_

**Location:** \_\_\_\_\_

1) Amongst the following which consumer sales promotion tools are being used at your store for the current calendar year?

- |                        |          |
|------------------------|----------|
| a) Coupons –           | Yes / No |
| b) Rebates –           | Yes / No |
| c) Promotional price – | Yes / No |
| d) Trade in –          | Yes / No |
| e) Loyalty Programs –  | Yes / No |

f) Sampling & Free Trials –	Yes / No
g) Free Product –	Yes / No
h) Premiums –	Yes / No
I) Contest & Sweepstakes –	Yes / No
j) Demonstrations –	Yes / No
k) Personal Appearance –	Yes / No
l) Others – _____	

2) How are coupons provided to customers?

a) Free Standing –	Yes / No
b) Cross Product –	Yes / No
c) After Purchase –	Yes / No
d) Product Display –	Yes / No
e) Internet –	Yes / No
f) Electronic (Website Purchase) –	Yes / No
g) Others – _____	

3) How are rebates provided to customers? \_\_\_\_\_

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4) How are promotional pricing being done?

a) Company's Website –	Yes / No
b) Advertising –	Yes / No
c) Store Displays –	Yes / No
d) Others – _____	

5) How are trade-ins done?

- a) Exchange of old items on purchase made immediately – Yes / No  
 b) Redeem value of exchange on old items in the next purchase – Yes / No

6) How is the loyalty programs conducted?

a) Price discounts for frequent purchases –	Yes / No
b) Free products –	Yes / No
c) Membership Card –	Yes / No
d) Special short term offer –	Yes / No

7) How are sampling and free trials & free products provided to consumer?

a) Without purchasing –	Yes / No
b) After purchase –	Yes / No
c) Additional Quantity (BOGOF) –	Yes / No
d) Speciality Package (Value Pack) –	Yes / No

e) Others – \_\_\_\_\_

8) How are premiums given?

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9) How are contests & sweepstakes done?

a) Qualifying for contest by mean of purchase value – Yes / No

b) Qualifying for contest by mean of skills i.e. Games / Beauty

Competitions etc. – Yes / No

c) Qualifying for sweepstakes by means of purchase – Yes / No

d) Free entry for sweepstakes – Yes / No

e) Scratch off cards – Yes / No

f) Others – \_\_\_\_\_

10) How demonstrations are done?

a) In person – Yes / No

b) Via Video – Yes / No

c) Others – \_\_\_\_\_

11) Are there any other consumer sales promotion tools used at your store? If yes, please specify and explain.

## **“Study of CRM in Hospitality Industry”**

*Prof. Kesar S. Lalchandani*

*Assistant Professor*

*Laxman Devram Sonawane College,*

### **Abstract**

The days of the unsophisticated, uninformed, easily led customer are long past. The information revolution has created a consumer base unafraid to challenge conventional business wisdom. Customers see that they have a multitude of choice regarding delivery channel, product packaging, loyalty rewards, service levels, and ultimately, prices.

CRM is a comprehensive approach which provides seamless integration of every area of business that touches the customer - namely marketing, sales, customer service and field support-through the integration of people, process and technology, taking advantage of the revolutionary impact of the Internet. CRM creates a mutually beneficial relationship with customers.

Customer Relationship Management (CRM) is a business strategy to identify, cultivate, and maintain long-term profitable customer relationships. It requires developing a method to select your most profitable customer relationships (or those with the most potential) and working to provide those customers with service that exceeds their expectations.

This paper on CRM in Hospitality Industry focuses primarily on the usage of CRM. More simplifying, here the details about CRM approach in various industries has been covered. The industries so covered are :

### **1. What is CRM..?**

In the marketing literature the terms customer relationship management and relationship marketing are used interchangeably. The major objective of relationship marketing is to turn new customers into regularly purchasing clients, and then to progressively move them through being strong supporters of the company and its product, to finally being active and vocal advocates for the company.

The development of a closer, long-term relationship with customers is particularly important in certain types of service operation; namely

when the service cannot be provided completely on one occasion, for instance, certain treatments at the dentist which require several visits, or a problem with a car which requires more than one visit to the mechanic. Similarly, if the service itself is highly intangible, the existence of a stronger relationship can be important influence on a customer's decision to pay for the services of one provider in preference to another. If there is little tangible evidence available to assess the quality of the service on offer, customers frequently turn to the provider they have used before, whom they feel they can trust.

The core theme of all CRM and relationship marketing perspectives is its focus on cooperative and collaborative relationship between the firm and its customers, and/or other marketing actors. Another important facet of CRM is "Customer Selectivity". As several research studies have shown not all customer are equally profitable for an individual company. The company therefore must be selective in tailoring its program and marketing efforts by segmenting and selecting appropriate customers for individual marketing programs.

Customer relationship management is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer.

## **2. CRM in Hospitality Industry**

Customer relationship management (CRM) is more than the practice of collecting guest-centric data. It's the art of using historical, personal, and experiential information to personalize a guest's stay while generating incremental revenue opportunities. Knowing a traveler is an avid sports fan creates the opportunity to market tickets to a game; knowing a guest had a less-than-memorable experience in the hotel restaurant gives you a chance to win them back the next time they are in town.

Hospitality companies are beginning to emerge from a three-year economic slump that left a significant mark on the entire industry. During this period, hospitality companies identified several key findings that now guide their strategies and investments:

- Focusing on guest and account satisfaction increases customer loyalty and helps to counteract low occupancies and rate reductions.
- Consistent, enterprise-wide capabilities are required to enhance

competitive position and gain the most value from a global hospitality brand.

- Business processes must be simplified and integrated to improve organizational agility.

To address these issues and improve customer satisfaction and loyalty, travel and hospitality companies are adopting customer-centric strategies by creating a single view of their guest. To meet these goals, hospitality companies are increasingly turning to customer relationship management (CRM) solutions.

### **3. CRM in Airlines**

CRM (Customer Relationship Management), sometimes it is called customer management, customer value management, customer centricity, and customer-centric management. CRM has long been the buzzword for airlines aspiring to 'one-to-one' relationships with all customers, all of the time. Its underlying principles are well established too - those airlines that can effectively attract, serve and retain the best customers will see significant positive effects on their bottom line profitability. The deeper the relationship the airline holds with these customers, the more opportunities there will be for selling additional products and services. However, with the emergence of e-business and the 'new economy', the challenges of building strong customer relationships have become even greater.

The need to attract, acquire, leverage, and retain customers is still of primary concern to most businesses. Revenue growth through customer acquisition and retention remains a major requirement for competing successfully. Several studies document that the average company loses half its customers every 5 years and that it costs five to ten times as much to obtain a new customer as to keep an existing one.

Over the last few years numerous airlines have felt the chilling effects of increased 'customer power', as greater customer choice and lower barriers to defection have turned keeping customers into a battle that must be fought anew each day. Customer relationships are the key to airline business growth. Airlines must take absolute responsibility for a customer's satisfaction throughout the "want-it-buy-it-and-use-it" experience. This requires learning and tracking customers' needs, behaviors, and lifestyles and using this information to create a specific value proposition. This strategy is the path to consumer loyalty.

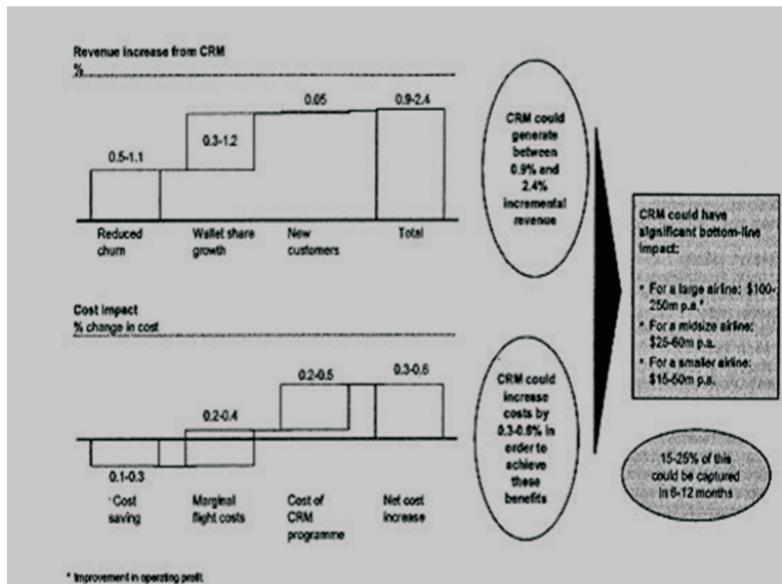
Within turbulent, highly competitive marketplace, airlines are finding it increasingly important to respond both quickly and effectively to changing patterns of customer demand. Who are airlines' customers and what are their needs and aspirations? If airlines don't know the profitability by customer, how can airlines be sure airlines are serving their best customers and applying their value to all business decision? If airlines had the means to do both, profits would soar. Not only would airlines become more efficient, the shareholders would see an investment in their only real source of revenue, the customer, and the meaningful profits that result. With so few new revenue opportunities, do airlines need more aircraft? Or instead should airlines consider a customer relationship management program that uncovers and maintains shareholder value. Airlines need to know and understand those customers who contribute the most to their bottom line.

Airlines in today's global marketplace are faced with increased competition and shirking profit margins. The challenge is sustaining and creating profits in the face of heavier competition and product homogenisation. The opportunities are in managing customer relationships, controlling costs and applying customer profitability to the entire business.

### ***The benefit of application CRM to the airline industry***

A vexing question for a number of airlines is how much value does customer relationship management, or CRM, really deliver to the bottom line and how does an airline go about getting it? While this question remains unanswered, many skeptical senior managers will continue to pay lip service the strategic importance of a customer-centric perspective and will continue with business as usual. Applied Technologies Group's investigation of 17 world-class airlines has clear indicated that significant revenue improvements BETWEEN 0.9 and 2.4% are achievable.

This revenue increase comes from three areas:



- Re-attracting defected customers, which accounts for between 0.1 and 0.3% of revenues;
- Increasing the share of a customer's travel wallet, which accounts for 0.3 and 1.2% of revenues;
- Acquiring new customers, which accounts for approximately 0.05% of revenues.

Naturally, associated with these revenues are costs, but these only amount to between 0.3 and 0.6% of the existing cost base:

- The marginal additional flights needed as incentives estimated to be between 0.2 and 0.4% of costs;
- Additional CRM initiatives amounting to between 0.2 and 0.5% of costs.

Savings in costs due to more efficient and targeted running of the existing CRM program, providing a reduction of 0.1 to 0.3% of costs;

As stated above, the bottom line impact of CRM is significant, but varies according to the airline implementing the initiatives. The range estimates are:

#### **4. Case Study: United Airlines:**

For more than 50 years, the United Airlines® Foundation has served as the philanthropic wing of the airline. The United Airlines Foundation was formed in 1952. Originally, the foundation supported only one national charity—the United Way—and a handful of smaller programs. Today, the foundation provides millions of dollars worth of support to hundreds of charitable organizations worldwide.

United Airlines always has boasted the Relationship with customers at elevated pace for the efficiency of the organization as well as for the benefits of the passengers who are the real time customers.

#### **Commitment towards customers**

United employees around the world are committed to ensuring its customers enjoy safe, seamless travel and superior customer service every time they fly with UA. With roots in the travel industry that stretch back to 1926, United is not new to the service business. But just as its operation has changed over the years, its customers' expectations have changed as well. In 1999, after consumers let our industry and their elected officials know that the travel experience left something to be desired, United joined other major U.S. airlines and the Air Transport Association in adopting voluntary plans to improve customer satisfaction. United's version of the plan, "Our United Commitment" addresses all areas of the travel experience.

#### **Equal Treatment of Customers Policy**

At United Airlines, the people are committed to treating all customers fairly and equally in compliance with federal law. Commonly committed to not subject its customers to discrimination on the basis of their race, color, national origin, religion, sex, ancestry, or any other protected characteristics under state and federal law. Another commitment is regards to providing high-quality, respectful service, and accessible air travel for the customers with disabilities or special needs.

#### **Customer service plan**

***United Commitment SM*** is a sincere promise to its customers that each day, in the air and on the ground, UA will strive to provide them with the respect, courtesy, fairness and honesty that they both expect and deserve from United Airlines.

On June 17, 1999, United Airlines and member carriers of the Air Transport Association (ATA) committed to the development of an

industrywide, voluntary plan to address 12 key areas intended to improve customer satisfaction. Each carrier was charged with developing its own plan to address these service provisions outlined by the ATA. United Commitment builds on the efforts of United and its more than 60,000 employees to meet its customers' expectations. This plan is another step in continuing effort to ensure that all the customers experience outstanding service, both in the air and on the ground.

### **Key Policies for Customer Service Commitments**

The following are highlights of United's key policies for our customer service commitments. Its key elements were implemented on Dec. 15, 1999.

#### **I. Offer The Lowest Fare Available:**

At United, it is believed that the process of purchasing a fare should be clear and fair. United Commitment will offer customers who contact United the lowest fare available for which they are eligible, given the date, flight and class of service requested and the most logical routing. Customers will have the assurance that the fare quoted is the lowest eligible fare.

#### **II. Notify Customers Of Known Delays, Cancellations And Diversions:**

Reliability is important to the customers. It's important to the enterprise too. At United, it is committed to operate the airline on time, and thus have a number of initiatives in place to improve on-time performance. The United Commitment provides customers with the best available information regarding known delays, cancellations and diversions affecting their flight. Finally, in circumstances where customers may be delayed overnight, UA will clarify its policies and procedures for accommodating these customers.

#### **III. Provide On-Time Baggage Delivery:**

United is renewing its commitment to the prompt and efficient handling of customers' baggage. For the times when baggage doesn't arrive when it should, United has augmented its handling procedures to ensure the prompt delivery of customers' baggage. In cases where a bag is misplaced, United Airlines will make every reasonable effort to return their customers' checked baggage within 24 hours in the United States.

#### **IV. Support An Increase In The Baggage Liability Limit:**

United has in accordance with its support of the increase to the federally set baggage liability limit, increased baggage liability limit

from \$2,500 to \$2,800 as of October 22, 2004.

**V. Allow Reservations To Be Held Or Cancelled:**

Informed customers are the best customers. But even informed customers need some flexibility when making their travel plans. United Commitment allows customers who purchase a ticket in the United States, whether through United Reservations, airport ticket locations, or United.com the opportunity to check for lower fare alternatives and receive a refund if they change their plans within 24 hours of initial ticketing.

**VI. Provide Prompt Ticket Refunds:**

When customers are due a refund, UA want to get it to them as soon as they can. As part of United Commitment, united airlines will issue refunds within seven business days for credit card purchases and within 20 business days for cash purchases in any instance in which refunds are appropriate.

**VII. Properly Accommodate Disabled And Special-Needs Customers:**

United Airlines believe that air travel should be safe and available to every customer. They are committed to meeting the travel needs of all their customers and providing them with the care and respect they deserve. UA currently provide continuing training at all levels -- from onboard personnel such as pilots and flight attendants, to airport staff and reservations agents -- to reinforce UA commitment to service quality for special-needs customers.

**VIII. Meet Customers' Essential Needs During Long On-Aircraft Delays:**

Weather and air traffic congestion are factors that make severe irregular operations an all-too-frequent part of airline travel today. As part of United Commitment, UA have developed and implemented detailed plans with all airports to address the essential needs of customers during extended off-gate delays resulting from irregular operations. To keep customers informed during lengthy delays, UA have created an automatic computer prompt that reminds the flight crew to update the airport personnel on the status of the flight, aircraft, provisions and customer requirements every 90 minutes.

**IX. Handle Bumped Customers With Fairness And Consistency:**

It's the goal of UA to have exactly as many customers as UA have seats on each flight. It helps UA keep service viable and fares reasonable. Because circumstances can cause customers to fail to show up for their

flights, sometimes reserve more seats than they have on the aircraft. As part of United Commitment, employees can advise customers who inquire if the flight they are ticketed on is overbooked. United Commitment also provides customers, upon request, with information cards that advise them of their policies and procedures, such as check-in deadlines.

#### **X. Disclose Travel Itinerary, Cancellation Policies, Frequent Flyer Rules And Aircraft Configuration:**

Information is power. United airlines customers should have it. United Commitment will disclose a wide range of information to customers in new and better ways. If their travel involves a change of planes, UA share that information with them when they make their reservation, on printed travel itineraries and at check-in.

#### **XI. Ensure Good Customer Service From Code-Share Partners:**

Because united airlines goal is to provide consistent service throughout United's system, UA have secured commitments from U.S. code-share partners to develop their own customer service plans to address the key provisions of Our United Commitment.

#### **XII. Be More Responsive To Customer Complaints:**

Let's face it, no matter how hard UA try, sometimes things go wrong. United Commitment charges Customer Relations division with responding to their customers' inquiries or comments within 60 days.

1. Telephone Reservation System: United has enhanced its telephone reservation system computer displays to highlight the lowest eligible fare, enabling agents to assist the customers in finding the best fare for their travel needs.

2. Checking Fares through Web site : Customers can also check fares on United's web site, which also publishes available fares from other carriers.

#### **5. CRM in Hotel Management:**

Significant development in the transport facilities, innovations and inventions in the field of Communication, Industrialisation, Urbanisation and further emergence of tourism as an Industry paved the ways for the development of hotel and motels on an organised basis. The officials on deputation, the business people on trade promotion mission, the foreign representatives on different missions,

the domestic or foreign tourist interested in visiting a place for pleasure or gaining knowledge can't perform or enjoy it if hotels are not developed.

Restaurants, cafeterias and hotels offer food services and lodging facilities to the customers. Modern hotels provide refined services to their customers often treated as respected guests. The significance of management practices in the hotel industry has raised because the business principle that "the customer is always right" is accepted and practised in totality.

The growing principle of managerial efficiency in hotel industry has necessitated application of marketing principle. Today the services are required to be planned, organised, controlled, automated audited for quality control and evaluated regularly with the motto of initiating qualitative improvement in services.

Information Technology and all the related areas of electronic communication like telephones and TV are becoming very important for guest-related services and guest satisfaction in the hotels. While telephone and TV have been the heart of a successful hotel since a long time, other services like internet, PC, well-equipped business centers etc. are now assuming equal importance in all hotels, whether they are 5 star, 3 star or 1 star. In the business hotel category, the study found that 96.3% of practically all the 5 star and 5 star deluxe hotels have 24-hour access to internet through a dial-up service.

## **6. Case Study: Hotel, Intercontinental – The Grand**

InterContinental Hotels Group PLC (IHG) is the world's most global hotel company and the largest by number of rooms. The Group has more than 3,500 owned, leased, managed and franchised hotels and over 537,000 guest rooms across nearly 100 countries and territories. Due to its large network, the Hotels group also has access to considerable funds to promote and support its brands for the benefit of our hotels and owners. These funds, known as 'system funds', represent a stable source of funds to support marketing activities, frequency programmes, relationship marketing and system infrastructure.

### **Hotel Description:**

Located minutes away from the international and domestic Airports and the new commercial developments of north Mumbai, it boasts a magnificent atrium lobby. The dominant atrium lobby - 8 storey high

and running the entire width of the hotel, welcomes guests as they walk-in, giving an immediate feeling of warmth with unrestricted grandeur within its huge spaces. A unique feature of the Hotel is the adjoining commercial complex, which offers, besides 21 service apartments, plush show rooms & shops - a Preview Theatre, with highly advanced digital equipment and plush, comfortable seating, a perfect venue for movie launches and premieres.

The dominant atrium lobby, welcomes guests as they walk-in, giving an immediate feeling of warmth with unrestricted grandeur within its huge spaces. Accommodation options include a choice of 30 luxurious suites, along with Club InterContinental rooms and elegant deluxe rooms – all offering the very latest in facilities.

The dinning and entertainment avenues extend to six Food and Beverage outlets -24/7 for all day dining, **Baluchi**, the Indian specialty restaurant, **Trendz** for International fusion cuisine, **Beluga**, the cocktail lounge , **Sutra**, a snazzy nightclub and bar, and **WOKS** for South East Asian speciality cuisine.

Over 12,000 square feet of banqueting facilities of The Majestic, makes it one of the largest in North Mumbai with a capacity for 1200 people. Two smaller meeting rooms and attractive outdoor gardens are also available for banquet functions.

For those who are interested in the wellness of mind and body there is Rejuve, the Spa & Health Club. Other guest facilities include an outdoor swimming pool, 24-hour business centre, an exclusive business club, beauty parlor & barber salon to mention just a few.

#### **Accommodation at Hotel Intercontinental The Grand:**

The hotel is built along spacious lines offering “spaces within spaces” and accommodates 368 extra large rooms and suites. This includes 290 deluxe rooms, 48 Club InterContinental rooms, and 30 luxurious suites. All tastefully appointed with an eclectic mix of traditional and contemporary furnishings. The facilities and services available in all rooms include tea and coffee making facility, hi-speed internet access, mini bar, interactive televisions, international direct dialing telephones, work table, safe deposit boxes and much more.

#### **Amenities & Services at Hotel Intercontinental The Grand:**

24 Hour Front Desk, 24 Hour Room Service, A/C Public Areas,

Baby-Sitting, Beauty Salon, Concierge Services, Dry Cleaning/Laundry, Express Check-in/Check-out, Florist, Foreign Currency Exchange, Gift Shop, Ice Machine, Newsstand, On-site Guest Laundry Facilities, Safety Deposit Box, Secretarial Services, Shoe Shine, Shopping Arcade, Wake Up Calls, Copying Service, Courier Service, E-mail & Internet Service, Facsimile Service, Full Business Center, Private

### **The Relationship Management Aspect**

With the latest offerings in CRM, the hotel is able to :-

- Develop comprehensive guest profiles from reservation information and demonstrate to guests that the property is in touch with their needs.
- Drive guest-centric data down to the transaction level, allowing employees and guest-facing technology to deliver greater value to the guest.
- Generate a realistic profile on the spending and stay patterns of guests, allowing the property to create guest-centric marketing for increased loyalty and spending.

### **The CRM enabled with IT supports the following features :**

#### **Rapid Response - Streamline Service Delivery**

Rapid Response improves productivity and customer satisfaction by streamlining service delivery for hotel call centers. Rapid Response provides a fast and reliable way for the staff to log, dispatch and follow-up on all guest requests and problems. At the same time, hotel is building a database of incidents that allow it to pinpoint trends for process improvement.

#### **Incident Tracking – Listening to the Customers**

Not everyone has the patience for filling out satisfaction surveys but, given the opportunity, guests will usually tell if they experience a problem. Typically, the resolution is quick and information is recorded manually in a logbook. Incident Tracking automates and organizes logbook information, improves follow-up and collects data.

#### **Guest Recognition - Build Guest Loyalty**

With the ever-increasing costs of attracting new customers, Guest Recognition system will help the hotels to retain their most valued

guests. From frequent business travel to weekend getaways and vacations, the system helps to build a process to manage customer relationships.

### **Improvement Analysis - Implement Process Improvement**

Industry surveys show that guests are less likely to return if they experience a problem during their stay. The Improvement Analysis tools provides with the information to eliminate recurring problems and keep guests coming back, so the hotliers can lower operating costs and increase guest satisfaction at the same time.

### **Comment Card Tracking - Listen to the Customers**

Whether hotlier use a quick survey in the restaurant or an extensive guest questionnaire, the Comment Card Tracking system helps to manage customer feedback. It will improve productivity in the follow-up process and provide valuable management reports to maximize the benefits of the surveys.

### **Guestware Enterprise Solution**

Intended for hotel chains, brands and management companies, the Enterprise database maintains a single view of the customer essentials for CRM. Enterprise Solution enhances property management systems (PMS) and central reservations systems (CRS). It allows hotel companies to implement enterprise CRM while leapfrogging existing hotel technology investments.

### **Communications Server - Two-way Messaging**

The Communication Server integrates two-way messaging (or other types of text-based messaging) with the Rapid Response. It allows staff to receive and close requests and maintenance issues from a pager or cell phone. The software helps streamline service delivery and uses existing e-mail systems or a modem to communicate with most two-way messaging devices.

Apart from the above techniques, even the web prop up makes the Intercontinental possible to manage effective relations with their guests.

### **The Web Support Features are :-**

#### **Hotel Reservations**

The customers can make, view, modify or cancel reservations on the web site of the hotel itself.

## **Hotel Meetings and Events**

The web support also presents a wide variety of meeting and event venues online - from comfortable and practical to luxurious.

## **Priority Club Rewards**

The assistance regarding missing stays or point postings, this segment of the web is very much essential.

## **Printed Hotel Directory**

The guests can make request online for a printed directory of the hotels locations around the world.

## **Guest Relations**

The guests are welcomed with suggestions and their valuable feed back.

### **7. Conclusion:**

CRM is a widely implemented model for managing a company's interaction with customers, clients, and sales prospects. The overall goals are to find attract and win new clients, service and retain those the company already has, entice former clients to return and reduce the cost of marketing and client service. Hospitality Industry too makes the effective use of technology to retain the existing customers and acquire the new customers. Moreover for hospitality industry, in this competitive world, it is very much necessary to take this step so as to retain their market share.

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## **Contribution by Students**

### **“Marketing The Viral Way: A Strategic Approach To The New Era Of Marketing”**

*Indresh Vikram Singh, Mathangi Sridhar, Shireen Khan  
PGPM 2nd year student (Marketing), Vanguard Business School,  
Bangalore*

#### **ABSTRACT**

From time to time, marketers have concentrated on adopting various marketing techniques to attract consumers. Viral Marketing through internet is one such approach which breaks the traditional brick-and-mortar model of marketing. The objective is to build a suitable model that will explain the various determinants involved in designing viral marketing campaigns and its outcome in terms of consumer response. While the popular seeding approach is known to spread the marketing word, this paper will focus on the survey method to identify patterns of consumer responses towards viral marketing. To substantiate this study, a strategic model will be created so that the prospective customers can be targeted the right way on an online forum. There is clearly more to explore from the perspective of viral marketing to enhance the experience of customers about the online media. This paper focuses on the concept of viral marketing as a tool to influence consumer's purchasing decisions which positively, may impact on sales. This paper will bring out some of the factors influencing the choice of consumers in making a purchasing decision. In addition, it would also bring out some marketing insights on how to attract new consumers through a strategic approach.

**Keywords:** *Viral Marketing, Online Media, Buying Behavior, Marketing Strategy*

#### **1.INTRODUCTION**

Viral Marketing is the word today, that is used to describe the revolutionary way by which any information ,proliferates across a million people rapidly within a short period of time .Marketers are now increasingly looking forward to tap this opportunity to deliver any kind of a marketing message because of its ability to make it contagious. If Viral Marketing is so easy and uncomplicated, then why is it that not every product or service is marketed the same way? It has further been seen in the past that all such marketing campaigns have not been always successful, barring some exceptions. The latest among them was the

success of 'Kolaveri track video' which caught the attention of millions of people around the globe. Hence, we will look at some of the factors that directly impact the implementation of Viral Marketing campaigns and how they, in turn, play a role in creating perhaps, positive sales for any product or service. Nevertheless, internet is the most preferred mode for this and hence this entire paper will confine its analysis to online Viral Marketing.

The complexity of Viral Marketing campaigns arises from understanding how consumers react or respond to online marketing messages. Hence, it is extremely important to tap the right kind of consumer behavior and attitude to leverage the opportunities available with the marketers. This begins with delivering the right kind of messages, capturing the positive response from the consumers and most importantly, retaining them while expanding the current customer base. Communicating the right message at the right time to the right person is the key to a successful marketing campaign; hence it is important to ensure that the message is effective enough to trigger a positive consumer response. This is the most crucial aspect of such online campaigns because any kind of a negative response spreads faster than a positive response. It is therefore very necessary for marketers to make a prudent choice of words before engaging in conversations with the prospective consumers.

In view of this, there would be an analysis of how the perception and attitude of consumers play an important role in determining the success of any online advertising that is viral. This in turn , we believe will bring out not only marketing insights but also relevant ideas on how to deliver the right kind of online messages to target prospective customers .To take this forward into a research study, the focus would mainly be on the survey results that would be used to examine the factors responsible for this. Using this as the base, a strategic model would be developed to propose a suitable method of effectively utilizing the online tools to build up a campaign suitable to trigger positive buying behavior in the minds of the customers. While a positive word of mouth is always the key to a successful marketing strategy, the recent online media marketing has opened gateways to much more than that and hence it is important to understand the mechanism of factors that play an important role in influencing consumer behavior.

## **2.LITERATURE REVIEW**

The advent of social networks, online communities and chat provide

the ability to distribute information faster than ever before. Viral Marketing can reach hundreds of thousands or millions in a matter of days or hours to the spread any news in an effective way. The technique which has been used to exploit preexisting social networks to produce exponential increases in brand awareness is similar to the spread of an epidemic. Research studies show that the Internet 'word of mouth' communication, i.e. Viral Marketing is far more effective than traditional word of mouth communication (Woerndl and Bourlakis, 2008). Consumers can communicate easily and share their own views with their acquaintances in a more critical way. This kind of communication can reach to every locality and this is a much wider concept. The existing literature on viral marketing indicates four emerging research which includes Consumer to Consumer (C2C) Viral Marketing, studies of Communications, Media and Viral Marketing positioning.

Sharing online content is an integral part of modern life. There is a seamless exchange of information through newspapers, books, You Tube videos between people in the society. Indeed 59% of people report that they frequently share online content with others (Allsop, et. al, 2007), and someone tweets a link to a New York Times story once every four seconds (Harris 2010). One may reason pot that people may like to share the information with each other because sometimes coupon and articles about good restaurants can help them have a good meal. Nevertheless, the previous research studies have substantial evidence to prove that people share their emotions with closed ones apart from the regular chat messages that are exchanged. (Berger and Milkman, 2012). Throwing some light on the predictability of online viral marketing campaigns through the use of online marketing tools, (Van der Lans, 2012) in his research paper "A Viral Branching Model for Predicting the Spread of Electronic Word of Mouth" explains a branching model for successful Viral Marketing campaigns .This also re-emphasizes

the use of social media by marketers to attract customers , not just as mere communication tool but also as an effective forecast tool to predict the time and number of prospects to target for any such campaign.

### **3. INFLUENCE OF VARIOUS ONLINE TOOLS ON VIRAL MARKETING**

#### **3.1 Use of E-Mail**

From time to time, marketers have been using e-mail as a

communication medium to provide a good service network to their customers after selling the product. With the advent of social media now, there has been a tremendous change in the way products and services are marketed even before it is launched into the market. All kinds of e-mail marketing campaigns would have details about the product's features, price, benefits which are aimed at inducing positive purchasing behavior in the minds of the customer.

### **3.2 Chat as a Viral Forum**

Chat messages indicate the use of online chat rooms to market a product or a service. Chat messages are used more in conjunction with creating communities for online customers, both for existing and for creation of new ones. Marketers use this as an effective medium to create sales pitches to prospective customers and also try to increase the frequency of such engagements through various other activities like seminars, introductory offers etc. Chat rooms could be made profitable through various means , not only through gaining of new customers by also through other methods such as hosting of chat room services of other products, charging the customers based on the number of hits and so on.

### **3.3 Social Media Marketing**

Social media communication which uses Facebook, Twitter and other forums are used extensively for brand creation, recognition and recall. Social media acts as a valuable source of information, available free of cost and at the same time creates new customers in the market even without the need of physical means of marketing the product. In regards to company perception, brand awareness and communication, the balance of power has shifted from the company to the consumer through the rebirth of word of mouth marketing (Datta, Chowdhury and Chakraborty, 2005) through new media formats (Ferguson, 2008). Understanding the relationship between word of mouth marketing and viral marketing provides the framework for understanding of why viral marketing through social media formats has been effective.

## **4.IMPORTANCE OF VIRAL MARKETING**

Viral marketing is an essential facet of any successful business. Otherwise referred to as word-of-mouth marketing, this practice is one of the least expensive options that any business enterprise has for advertising purposes. In simple terms, it refers to the transmission of a marketing message from one individual to another or what someone says about a particular company to anyone else. While this message can

be relayed orally, today it is more likely that the message will appear on someone's Facebook as a part of their daily life. Viral marketing can either break a company or make it one of the most successful and happening enterprises in its field.

Viral marketing is an innocuous form of advertising because it does not come directly from the company's handlers, but rather, it comes as a direct result of the company's practices. This is exactly why this type of advertising can either be the saving grace or the downfall of a company. In the past, people used to read company reviews and rely on what they heard on television and radio commercials. Today, however, consumers want to hear what it is that real people have to say about products and services that they are interested in themselves.

After all, the greater the number of people who are exposed to this type of advertising, the greater the potential for success. Word-of-mouth marketing is more important than some companies realize. It isn't just enough to provide a great product or service and post an advertisement about it on your website or in the newspaper. Take advantage of the gift that viral marketing has to offer you. Open up your website to your customers and your potential customers and watch your business grow as the interaction heats up. Promote the message and you promote your success. Viral marketing is the key to presenting a widespread influence on the market as you create a buzz and leverage your business enterprise to the pinnacle of success.

## **5.EVOLUTION OF VIRAL MARKETING**

The beginning of social media dates back to the use of e-mail as early as 1996 when the Hot mail launched its first web-based e-mail service .they began with targeting the family, friends and other close acquaintances of the users of Hotmail .this was the way the first chain of viral marketing began and slowly spread to millions of users worldwide. Starting from Hotmail, Viral Marketing has taken several forms today through various social media websites like Facebook, Twitter, YouTube and LinkedIn. But is social media the only getaway for marketers today to campaign their products? In large way, the answer to this question is yes. Yet, looking at the history, we see that there have been other online tools as well which have contributed to viral marketing in a large way. The earliest of all being the use of e-mails, the other recent forms that have evolved are blogs, podcasts, chat forums, social media and SEO.

## **5.1 Use of E-Mail**

The inception of Hotmail to attract more number of subscriptions through existing customer base was one of the beginnings of such an e-mail campaign. Following Hotmail's free e-mail model, several other websites used the same technique. From time to time, marketers have been using e-mail as a communication medium to provide a good service network to their customers after selling the product. The other method that marketers use to lure customers to buy their products is by using 'free service' as one of the tools. Although the same strategy has been used in case of offline

## **5.2 Chat as a Viral Forum**

Chat messages indicate the use of online chat rooms to market a product or a service. Chat messages are used more in conjunction with creating communities for online customers, both for existing and for creation of new ones. Marketers use this as an effective medium to create sales pitches to prospective customers and also try to increase the frequency of such engagements through various other activities like seminars, introductory offers etc. Chat rooms could be made profitable through various means , not only through gaining of new customers by also through other methods such as hosting of chat room services of other products, charging the customers based on the number of hits and so on.

## **5.3 Use of Blogs and Podcasts**

Blogs are journals, diaries and newsletters that have evolved in the recent times to share information informally with a large number of people. The advantage of blogs is that they allow the user to not only view the post but also comment on the posts and due to its ability to spread faster among users, this has gained popularity. RSS (Really Simple Syndication) allows users to receive regular updates based on subscription which makes users continuously visit the website and spread messages. Podcasts services are generally very popular forums that allow audio and video streaming of internet files to encourage users to spread the message. Marketers use the idea of subscription similar to blogs to ensure that more number of users spread files which contain marketing messages and product information. The most popular among the recent podcast services are those that offered by Apple iTunes.

## **5.4 See – The Recent Advancement in Viral Marketing**

Search Engine Optimization is a new way of targeting online users in

which the marketers make use of the internet search engines to gain popularity among the users. In this, the placement of the respective websites and products are done in such a way that the first click on these search engines are directed towards these websites. This is emerging as a lucrative tool to attract customers and expand the current customer base based on the number of hits/click basis. The uses of algorithms to optimize such searches are the key to spreading such messages and also to market the websites by mere use of appropriate keywords. The success of such methods largely depends on the customer base, popularity and the reliability of search engines that offer these services.

## **6.PROBLEMS AND PROSPECTS OF VIRAL MARKETING IN INDIA**

Viral marketing appears to be an open invitation for marketers to make some quick money by using friendship to sell their goods and services to customers. Another perspective of viral marketing is that it is an e-mail pyramid or e-mail pyramid selling scheme. What is interesting is if you check out a recent viral marketing message that you have received, the numbers identifying the person who is supposed to get the referral credit is supposed to get the credit were rarely repeated, which indicated that somebody was keeping the record under control. Sometimes you will note that there is a list of cancelled accounts, which include some of the identification numbers.

- Consumers' lack of trust is illustrated by a recent privacy survey conducted stated they did not complete on-line purchases because they were concerned about their personal data might be used by the site or identity theft. Most of customers worry about companies selling their personal information to others. So it is difficult for marketer to change the customer perceptions. Marketers face unique challenges created by e-commerce.
- To overcome this negative perception, marketers must gain the trust of consumers' and identify their privacy policies explicitly on their sites. Their customers should know what the seller plans on doing with any personal information or indirect data such as IP addresses and cookies they divulge as a result of visiting interacting Websites. Consumers are being getting a significant number of viral marketing messages, campaigns and promotions.
- Consumers are becoming annoyed and frustrated at the number of e-mails addressed to them from viral marketers. Incorrect or false information can spread like wildfire. This can be very damaging to many

innocent marketers as well. Deliberate misinformation can be disseminated by competitors damaging firm's reputation and goodwill.

- Viral marketing requires a tremendous amount of computer literate programming support and viral marketers assume that the consumer has the technological skills and know how to react positively to their viral marketing program. What hurts so much is not the marketer pretend to sell the product and trying that they are not selling any product.

## 6.1 Prospects of Viral Marketing

- Viral Marketing is a strategy that encourages individuals to pass on a marketing message to others. This helps create exponential growth and like viruses, this strategy takes advantage to explode the message to thousands and millions. It has also been referred to as “buzz marketing” or “word of mouth communication”.
- Viral marketing uses existing social networks and helps in achieving brand awareness and other marketing objectives such as product sales. Viral promotions may take the form of video clips, interactive flash games, e-books, text messages, images and brand able soft ware's.
- Viral began as an e-commerce and marketing strategy the Internet to promote a product or service. It now describes any strategy that encourages individuals to pass along a marketing message to others. Word-of-mouth publicity is a centuries-old marketing technique. Once consumers had a good experience with a product, they would tell their friends, who would often buy and use that product and then tell their friends, who would often buy and use the product and then tell other friends via this social network.
- It is a very cost-effective way to reach large target audiences. It adds a personal touch with the consumer, because in many cases the e-mail or information was forwarded to them from someone they know and trust. This third party endorsement is convincing and powerful because we all rely on the opinions of trusted friends and family.
- Encouragement to users spreads the information and creates the potential for exponential growth for exposure, influence and demand number of viral marketing messages, campaigns and promotions.

## 7.SWOT ANALYSIS OF VIRAL MARKETING

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• Penetration or market research</li><li>• Active community members who are willing to become brand evangelists</li><li>• Resource in term of times and manpower, your team is able to response quickly and effectively</li><li>• Management or the C-level executives support the social media medium and give you the go ahead</li></ul>	<ul style="list-style-type: none"><li>• Trouble scaling or maintaining a social media campaign</li><li>• Lack of tools or resources to track &amp; monitor social media campaign results</li><li>• Not effective social media presence &amp; campaign, meaning goal are not being met</li><li>• Tough to train or convince management team on social media principles</li></ul>
Opportunities	Threats
<ul style="list-style-type: none"><li>• Creating online presence on sites where the company currently does not exist</li><li>• New target or niche market that are untapped</li><li>• Promotions, discounts, offers that can be utilized through social media platform</li><li>• Partnerships with a publisher or advertiser</li><li>• Penetration into a new geographical market</li></ul>	<ul style="list-style-type: none"><li>• Macro factors such as economy, will affect our campaign</li><li>• Competitor is going after the same pace with similar campaign</li><li>• Current campaign sustainable, can it be continue</li><li>• Obstacles stand in the way of success and failure</li></ul>

*Source: Model developed by authors*

## 8.SUCCESS OF VIRAL MARKETING CAMPAIGNS

Several researchers and industry specialists have tried to define parameters for measuring and evaluating success of viral marketing campaigns, however their findings are somewhat incoherent. According to Helm (2000), the primary purpose of viral marketing is maximizing reach. Contrary opinion would be that of Jim Nail (BoD, WoM Marketing Agency), who states: "To succeed in WOM marketing, you need to find that segment of real ardent fans and create special programs and tools that will empower them to share that enthusiasm". I think viral is an extension of the loyalty discipline (Ferguson, 2008). Viral marketing is an ideal viral message will convert and retain a large

number of recipients as new users, penetration, loyalty and frequency are appropriate evaluative criteria.

Cruz and Fill (2008) who conducted a research on viral marketing evaluation state that the approaches used to measure and evaluate the relative success of viral marketing communications are many and varied. Furthermore, they claim that these approaches range from changes in attitude and behavior, including the number of new users or levels of loyalty, to measures of reach, frequency, penetration, speed of transmission and the content of conversations, to mention a few (Cruz and Fill, 2008). Essentially, they assert that there is no single criterion that could be used as a measure of success of a VM campaign – instead they propose distinct goal setting at the beginning of the planning process which then serves as a success evaluation tool for the campaign. They propose a framework which starts with defining a viral marketing campaign's goal as being either cognitive (reach, awareness, knowledge), behavioral (hits, downloads, dissemination rate) or financial (ROI, brand equity developments as a result of the campaign). Subsequent steps involve defining the target audience, deciding whether the message is covert commercial or non-commercial and finally choosing the media to launch it from (e-mail, mobile phone, seeding website, blog) and the message format.

## **9. IMPLICATION AND CONCLUSION**

The time has come for all companies who desire to influence company perception and sales strategies to employ social media techniques. This includes the incorporation of viral marketing strategies as well as avenues for consumers to interact and develop a relationship with the company. Releasing control of the message development and translation into the hands of the consumers does entail some level of risk. However, embracing social media communications and marking strategies is in line with the changing and developing consumer behavior expectations of the desired customer base. Consumers are and will continue to share their opinions on corporate brands and products with or without company interaction. Therefore, it is in the best interest of the company to be engaged in this communication sharing, positively influencing the message, and facilitating action and brand awareness through integrated viral marketing strategies. Viral marketing is a credible marketing tactic that can deliver positive ROI when properly executed as a component of an overarching strategic plan. Marketers should utilize viral marketing when the messaging can coincide and support a measurable business goal. Viral will best

contribute to raising awareness of a particular object, stimulating immediate actions on behalf of consumers such as purchasing, sign-ups etc. however, if devised properly, it could reinforce the positive image of the brand, leaving longer lasting impressions, as well as induce users to spend longer periods of time interacting with the brand. It is important to note that achieving the viral effect is rather a means to an end, and not the actual goal itself. When it is integrated with other marketing communications approaches, viral marketing could prove to be a rather powerful tool, as none other has the capacity to spread a message as far or as fast.

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# **TRAINING & DEVELOPMENT PRACTICES IN IT SECTOR**

*Ekta Wadwa*

*Student, SY MMS*

*MIM*

## **ABSTRACT**

Training comes next to recruitment, selection & many times after Performance appraisal. It normally relates to the job assigned & is in the form of guidance or instructions. Training raises the skills of the employees & creates confidence & ability to perform the job. It is an ongoing process in the org. due to the changes taking place. Training and Development is a subsystem of an organization. It ensures that randomness is reduced and learning or behavioral change takes place in structured format. It aids in organizational development i.e. Organization gets more effective decision making and problem solving. It helps in understanding and carrying out organizational policies & also helps in developing leadership skills, motivation, loyalty, better attitudes, and other aspects that successful workers and managers usually display.

The current study is based on the training and development practices in IT (Top IT companies) sector which focuses on continuous training to become successful.

## **Review of Literature:-**

### **Employee Training: Grooming For A Better Tomorrow- Manodip Roy Chaudhuri**

Training is vital for growth of organizations as it helps in closing the gap between employees' abilities & their job requirements. Thus, they, irrespective of size, structure & industry, have to give due importance to training. Continuous training enables the employees to adapt themselves to the dynamic business environment.

### **HRD through Training- P Manikandan & M MAnwer**

People working in various organizations need to be constantly updated with appropriate skills that would help them to perform their roles with increased efficiency & effectiveness, & excellence. Perceptible changes have already come, with organizations the world over realizing the need for training & re-training people. Due to the fact that training is an important mechanism for human resource development (HRD), certain issues that hinder training functions in the organizations need to be

given due consideration for making the training function effective in organizations.

### **Training Fresh Recruits at Infosys- Ruche V Mankad**

The article talks about the training imparted by Infosys technologies limited, one of India's biggest IT & software companies, to its employees, especially to the fresh recruits. The selection criteria of Infosys, the various stages of its recruitment process, & the rigorous training module, which Infosys conducts at its newly founded Infosys U, one of largest corporate training centers in the world, have been described.

## **RESEARCH METHODOLOGY**

### **Objectives:-**

Before making this paper, i was only aware about the training practices of Indian IT companies. Thus the following things made my interest to go through this mission which was possible with little efforts & which had allowed me to learn something& gives me practical knowledge.

The core objectives of this study were:-

- To understand the practical aspects of training & how it takes place in corporate world.
- To understand how these different functions are interlinked with each other&relationship maintained by management and employee
- To expand my knowledge in this field
- To get exposure to a real human resource management in an organization

### **Sources Of Data:-**

**Primary Data:-**The interview schedule is the technique used, for securing the data through verbal communication from managers of the IT organizations.

**Secondary Data:-**The different types of secondary data used include those collected from websites, company magazines, Reports, Journals, etc. The data compiled from such sources were used to have a better understanding of the company, its philosophy, rules and regulations, training practices & methodologies etc.

**Coverage Of Area:-**The data is collected from the top IT companies in Mumbai region.

**Research Design:-**The Research Design used for study is Descriptive Research. The research tries to find out various Training & Development initiatives used by the Companies to enhance the skills of their Employees.

**Limitations:-** Due to geographical constraints, data is collected from Mumbai area only.

### **INTRODUCTION:-**

**Training-** It is instruction in technical, human, conceptual skills& mechanical operations.

**Development-** It is an attempt at improving an individual's managerial effectiveness through a planned & deliberate process of learning.

### **Need for Training:-**

- 1.A supplement to education
- 2.Continuous changes in the field of technology
- 3.Raising efficiency, profitability& productivity
- 4.Optimum utilization of human resources
- 5.Personal safety & security
- 6.Meeting future personnel needs
- 7.Motivation& team spirit
- 8.Improving organization culture
- 9.Quality of work life
- 10.Good corporate image in society

### **Difference:**

<b>TRAINING</b>	<b>DEVELOPMENT</b>
<ul style="list-style-type: none"><li>• Who: Managers and Non-managers</li><li>• What: Technical operations</li><li>• Why: Specific job related information</li><li>• When: Short term</li><li>• E.g. Machine operations</li></ul>	<ul style="list-style-type: none"><li>• Who:Managers</li><li>• What: Theoretical ideas</li><li>• Why: General knowledge/ improving skills</li><li>• When: Long term</li><li>• E.g. Management games</li></ul>

## **Methods of Training**

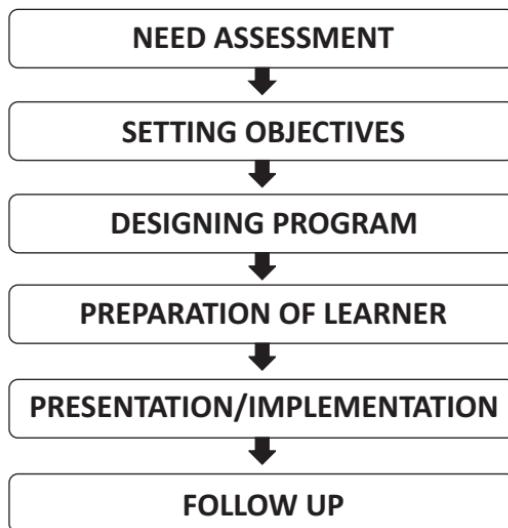
### **On-The Job Training**

1. Orientation
2. Job Instruction Training
3. Job Rotation
4. Supervisory Assistance
  - i. Coaching
  - ii. Understudy
5. Apprenticeship/Internship

### **Off-The Job Training**

1. Lecture/Classroom Teaching
2. Vestibule Training
3. Audio-Visuals
4. Programmed Instructions
5. Simulation
6. Role Playing
7. Case Study
8. Sensitivity Training
9. Business Games
10. Conferences
11. T-Group Training
12. TV Lects
13. Spl. Studies Films
14. Formal Education
15. Computerised Program Instructions
16. In Basket Exercises
17. Special Courses

## **Process of Training:**



### **Introduction to IT Sector:-**

The Information technology industry in India has gained a brand identity as a knowledge economy due to its IT and ITES sector. The IT-ITES industry has two major components: IT Services and business process outsourcing (BPO). The growth in the service sector in India has been led by the IT-ITES sector, contributing substantially to increase in GDP, employment, and exports. The sector has increased its contribution to India's GDP from 1.2% in FY1998 to 7.5% in FY2012. According to NASSCOM, the IT-BPO sector in India aggregated revenues of US\$100 billion in FY2012, where export and domestic revenue stood at US\$69.1 billion and US\$31.7 billion respectively, growing by over 9%. The major cities that account for about nearly 90% of this sectors exports are Bangalore, Chennai, Delhi, Mumbai, Hyderabad, Pune, Kolkata and Coimbatore. Export dominate the IT-ITES industry, and constitute about 77% of the total industry revenue. Though the IT-ITES sector is export driven, the domestic market is also significant with a robust revenue growth. The industry's share of total Indian exports (merchandise plus services) increased from less than 4% in FY1998 to about 25% in FY2012. According to Gartner, the "Top Five Indian IT Services Providers" are Tata Consultancy Services, Infosys, Cognizant, Wipro and HCL Technologies.

This sector has also led to massive employment generation. The industry continues to be a net employment generator - expected to add 230,000 jobs in FY2012, thus providing direct employment to about 2.8 million, and indirectly employing 8.9 million people. Generally dominant player in the global outsourcing sector. However, the sector continues to face challenges of competitiveness in the globalized world, particularly from countries like China and Philippines.  
(Source:<http://en.wikipedia.org/wiki/Informationtechnology>)

### **Big four IT Services company:-**

FIRM	REVENUE	EMPLOYEES	HEADQUARTER
TCS	\$10.17 billion	243,545	MUMBAI
WIPRO	\$7.30 billion	135,920	BANGLORE
INFOSYS	\$6.99 billion	151,151	BANGLORE
HCL TECHNOLOGIES	\$4.2 billion	89,319	NOIDA

## **Training and Development At Wipro Limited**

### **INTRODUCTION:-**

Wipro Limited (formerly Western India Products Limited) is an Indian multinational provider of Information technology (IT) services, consulting and outsourcing services. It is headquartered in Bangalore, Karnataka, India. As of 2012, the company has over 130,000 employees and a worldwide presence with global centers across 54 countries.

### **The company operates in four segments:**

1. IT products and services,
2. Consumer care and lighting,
3. Healthcare and
4. Infrastructure engineering

### **WIPRO IT PRODUCTS & SERVICES:-**

Today Wipro Limited is the first PCMM Level 5 and SEI CMM Level 5 certified IT Services Company globally. Wipro provides comprehensive IT solutions and services, including systems integration, Information Systems outsourcing, package implementation, software application development and maintenance, and research and development services to corporations globally.

In the Indian market, Wipro is a leader in providing IT solutions and services for the corporate segment in India offering system integration, network integration, software solutions and IT services. Wipro also has profitable presence in niche market segments of consumer products and lighting. In the Asia Pacific and Middle East markets, Wipro provides IT solutions and services for global corporations.

### **• TRAINING AT WIPRO:-**

- **New Hire Training**
- Induction
- Pre-process training
- Process training
- On-job training

### **THE WASE PROGRAM: (WIPRO ACADEMY OF SOFTWARE EXCELLENCE):-**

Best-in-class young talent.8-semester (four years) off - campus collaborative MS program with the Birla Institute of Technology & Science (BITS), Pilani (Rajasthan, India).

## **TRAINING AT WIPRO BPO SOLUTIONS:-**

- Pre-Process Training: 2 weeks of pre-process training, followed by process training. Pre-process training focuses on voice and accent and helps orient employees with functional cross-cultural skills.
- Process Training: Trains employees on specific work processes and tools and equips them with concepts, operations skills. Process training consists of classroom instruction as well as on-the-job training which lasts 2-16 weeks. At the end of every week/stage an assessment is conducted to gauge learning progress.

## **LAUNCH OF THE REAL LIFE LAB FOR YOUNG EMPLOYEES:-**

- Wipro recruits thousands of young graduates from reputed campuses across India.
- Graduates undergo a formal training program named the 'PROJECT READINESS PROGRAM' (PRP) before they are assigned to work on projects. Smooth transition for young talent from the academic mould into a corporate mould. PRP has been designed based on inputs from business leaders and draws on the collective expertise.
- The real life lab is a 'live' learning environment for employees who join Wipro technologies from academic and engineering institutions in the form of case studies and scenarios.
- Intensive training is given after joining of 2 weeks. The lab helps accelerate learning and hone their technical and project skills.

## **PROJECT MANAGEMENT AND TECHNICAL CAPABILITY BUILDING:-**

- 1. At Entry Level:** Emerging leaders' program - creating managerial / leadership qualities in the youngest of wiproites
- 2. For Junior Leaders:** New leaders' program - builds talent management skills in potential people managers
- 3. For Mid - Level Leaders:** Wipro leaders' program – assimilating employees into leaders with business responsibilities
- 4. For Senior Leaders:** Business leaders' program - aimed at developing critical-to-success business leadership
- 5. For Top Leadership:** Strategic leaders' program - enhances strategic

perspective among global leaders.

## **TRAINING AND DEVELOPMENT AT INFOSYSLIMITED**

### **INTRODUCTION:-**

Infosys limited, formerly Infosys technologies limited is an Indian multinational provider of business consulting, technology, engineering and outsourcing services company. It is headquartered in Bangalore, Karnataka. Infosys was co-founded in 1981 by n. R. NarayanaMurthy, NandanNilekani, N. S. Raghavan, S. Gopalakrishnan, S. D. Shibulal, K.DineshAnd Ashok Aroraafter they resigned from patni computer systems.

### **INFOSYS TECHNOLOGIES LIMITED:-**

Infosys Technologies Ltd is one of the biggest names in the Indian IT industry. This multinational IT services company with offices in 22 countries and development centers in India, Japan, China, Australia, UK and Canada, is headquartered in Bangalore, India. Infosys has 105,453 employees in its payroll. From a mere US\$ 250 company in 1981, Infosys Technologies Ltd. has come up a long way to become a global leader with revenues of more than US\$ 4 billion. Infosys offers a range of solutions to its global customers. It offers solutions to wide array of industries. It provides various services like IT services, Engineering services, BPO services and consulting services etc.

### **INFOSYS HAS TRAINED 1,00,000 GRADUATES AT MYSORE CAMPUS:-**

- The 162,000 square feet structure, built at the cost of Rs 41.1 crore (Rs 411 million), is where the next generation of Infosys leaders is being primed.
- Infosys has trained about 100,000 graduates in writing software codes and formulating algorithms at its global education centre in Mysore campus during the past decade
- "As part of their foundation Programme, they have trained about one lakh (100,000) engineering graduates since 2002 beginning with a modest 50 trainees, one trainer, one classroom and a vision to develop a world-class training facility and build intellectual capital," the global software major.
- Explaining them why they need to be trained. "New employees are

welcomed by N R Narayana Murthy through AV presentation."

- The \$7-billion IT major provides a 23-week residential training Programme to help graduate students transit from academic world to corporate world as qualified professionals with soft skills, global etiquette, importance of body language, public speaking, improving interpersonal communication, team-building and leadership qualities.
- "They have recognized the significance of learning for the development of individuals, the company and the country as a whole. In theirendeavor to build intellectual capital, they will continue to focus on developing our workforce through corporate training initiatives,"
- As the world's largest corporate university, the Infosys global education centre in the 100-acre campus has 500 instructors and 200 classrooms, with international benchmarks, initiatives and values at its core.
- To facilitate all round development, the center has an "Employee Care Center." which has recreational facilities like: gymnasium, swimming pool, Jacuzzi, bowling alley and meditation hall. It also has an international class cricket ground and a multipurpose ground. It has an auditorium with seating capacity of 1300 people & 3 multiplex theatres.
- The American Society for Training and Development and global independent research firm Forrester have recognized the company's education centre and its training initiatives.
- Infosys spends around Rs. 2.5 lakhs on training each recruit and Rs. 750 crore per year.The training program focuses mainly on technical skills. Training in hard skills through lectures on concepts and theory for few hours and then work independently and build own applications.
- The fresher does have to work for 8 hrs. Every day.The training programme concludes with students submitting a project report, a case study and taking 2 comprehensive exams in which Close to 1-2 percent employees fail.

#### **IN- HOUSE TRAINING: TRAINING BASED ON COMPETENCY:-**

- 1. Soft Skills Training**-Communication, presentation, cultural sensitivity, client interface, MIND- mentoring, innovating, negotiating, developing etc.

2. It's Self-Awareness and self-evaluation mainly focuses on EQ.
3. Transactional Analysis-For understanding your own personality.

### **Technical Training:-**

- E-mail etiquettes
- Excel training
- Presentation skills

### **Operational Management-**

- Deals with operations complexity
- Focus in interpersonal evaluation
- Conflict and confidence management

### **Quality Training-**

- Six-sigma- green belt-black belt
- Domain training
- T200 andT300 certifications
- Middle management leadership program (MMLP)
- For band C employees- team leads
- It harnesses their leadership qualities, available for high performers.

### **DEVELOPMENT:-**

#### **Career Pathing:-**

- Chalk out career path for all
- Should completed 18 months in Infosys
- Provided by career counselor

#### **Higher Education:-**

- MBA-50% for the fees is reimbursed

## **TRAINING AND DEVELOPMENT AT HCL LIMITED**

#### **INTRODUCTION:-**

HCL is a leading global Technology and IT Enterprise with annual revenues of US\$ 6.2 billion. The HCL Enterprise comprises two companies listed in India, HCL Technologies and HCL Info systems. The 35 year old enterprise, founded in 1976, is one of India's original IT garage startups. Its range of offerings span R&D and Technology Services, Enterprise and Applications Consulting, Remote Infrastructure Management, BPO services, IT Hardware, Systems Integration and Distribution of Technology and Telecom products in India. The HCL team comprises 90,000 professionals of diverse nationalities, operating across 31 countries including 505 points of presence in India.

HCL has global partnerships with several leading Fortune 1000 firms, including several IT and Technology majors.

#### **HCL TECHNOLOGIES LIMITED:-**

HCL Technologies Limited is an Indian provider of Information technology (IT) services and consulting company headquartered in Noida, Uttar Pradesh, India. It is primarily engaged in providing a range of outsourcing services, business process outsourcing and infrastructure services. HCL Technologies is fourth largest IT Company in India and is ranked 48 in the global list of IT services providers. HCL Technologies formed in 1991 when HCL's R&D business was spun off and to focus on the growing IT services industry. They have decided to vast their features in Information Technology all over the world. During last 20 years, HCL has expanded its service portfolio in IT applications (custom applications for industry solutions and package implementation), IT infrastructure management, and business process outsourcing, while maintaining and extending in product engineering.

#### **INDUCTION TRAINING:-**

Joining a new company is always stressful. HCL believes that it is the job of the company to minimize this stress and make it an enjoyable experience. To this end HCL organizes induction Programmes at 2 different stages of an employee's work life HCL has a half day induction on the first day of joining to enable the new employees to get an overview of HCL as a company, structure and lines of business and to introduce them to other new joiners and make them feel welcome into the organization. HCL also organizes a 2 day offsite induction Programme a couple of months into an employee's career with HCL . This acts as a more informative induction programme for new joiners, and also as a refresher for existing staff. The Programme covers an overview of HCL strategy and marketplace proposition and its core competencies. The 2 day Programme is delivered is an opportunity to gain information, meet peers and have some fun!!!

#### **BUDDYING:-**

The HCL 'Buddy' System is designed to help new employees to have as smooth a transition into HCL as possible by providing hands-on practical and emotional support during their first 3 months on a project. It helps to provide the employees with a sense of belonging, make them comfortable with their Work Life and aims to encourage Team work and Loyalty. It gives consultants the opportunity to be directed to people who can help with basic needs as well as all Project related needs.

### **CATALYST PROGRAMS:-**

Key Account Management Workshops (KAM) is conducted at regular intervals involving sales & marketing teams. The KAM training explores new approaches in developing and leading accounts and in customer sensitivity Assessment Centers have been designed to ensure high professional skill levels and to inculcate the desired behavior of employees. The assessment centers are carried out at all levels and functions within the organization. This also greatly helps us to align the employee's development objectives to the organization 360° appraisals: HCL has successfully carried out 360° appraisals to help facilitate personal and organizational growth.

### **HCL TECH REFINES STAFF TRAINING MODEL:-**

- HCL Technologies, India's fourth-largest IT services company, has refined its employees' training model to equip its staff with new job skills.
- The Noida-headquartered company offers 'just-in-time' training model at the entry level to impart need-based training of a shorter duration.
- The employees are trained for specific job requirements for six-eight weeks so that they could be immediately put on projects as 'shadows' (those who are not billed to the clients) or billed resources. When they move to the next role and again require re-skilling, the company will impart further training to the staff.
- "At the entry level, they are moving to a 'just-in-time' training model. When an employee comes in and moves to a role, they would teach him what he needs in that role. Once employee is successful and need to move to the next role, they will put him back to school and teach newer skills"
- They believe that the changing dynamics in the IT services business requires employees to learn newer skills as and when required instead of learning everything in one go.
- "The training structures need to be in (such) a way so that employees can go and apply it immediately. That's why most of their training academies are all inside their development centers. This helps them to train the employees depending on the next need of the client rather than just sticking to a curriculum"

- HCL Technologies is significantly increasing its focus on employee training. The company is setting up a large training center in Manesar which will be in operation soon.
- This centre, which can accommodate 1,000 people, is being set up alongside the development centre. The company has also created a new position called chief learning officer.
- Once the Manesar facility becomes operational, HCL Technologies is planning to centralise a large part of its training Programme. However, for people who are working on projects, the firm would offer training at their respective centers.
- “Their approach of investing in people's skills is different. They have now significantly increased their investment in training and curriculum”

#### **FINDINGS:-**

- Training has become extensive & participative.
- Offering higher education to employees is very effective way of career planning & tool for retaining talent pool.
- Company's follow good practice of Step by step training for moulding employees into the requirements of job.
- Wipro's practice of offering intensive training through various programs at each level of employees facilitates a good learning source.
- Competencies are the key essential tools that drive an organization, Infosys in-house training is through development of these competencies.
- Infosys training brings vision to develop a world-class facility to build intellectual capital.
- Infosys has spent in millions to build its training center & spent lakhs of rupees on each employee every year.
- HCL training not only offers learning but also development of HCL strategy, marketplace proposition and its core competencies.
- HCL tries to inculcate the desired behavior of its employees through

training to maintain friendly & collaborative culture I the organization.

- HCL has developed its own model of training called “JUST IN TIME” which is beneficial to each & every employee from low to top in the organization& it helps them to learn newer skills at each level then occupy higher positions.

## **CONCLUSION**

Employee Training and Development is essential to the ongoing success of every organization. Although technology and the internet have enabled global collaboration and competition, people are the organization's competitive advantage. Employee training and development enables employees to develop skills and competencies necessary to enhance bottom-line results for their organization. The organization should identify training needs, design, develop, implement, and evaluate employee training and development programs to meet company's strategic objectives.

Hence, Training programs should focus more on behavioral modifications rather than skill building, and should be geared towards adding value to the organization's competitiveness.

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# **"Analytical Study on Working of Contract Labour Management at Century Rayon" (A Division of Century Textile and Industry Limited)**

*Pooja Ramchand Motwani*

*Student, SY MMS*

*MIM*

## **Abstract :**

Indian industry is waking up to the challenges thrown in by market economy. In today's highly competitive world. "ANALYTICAL STUDY ON WORKING OF CONTRACT LABOUR MANAGEMENT" has been to understand the globally faced problem of labour by the companies Contracting is an important process in any enterprise. Contracting helps in improvising the bottom-line with keeping the liabilities limited. Today, it is almost unavoidable for any Principal Employer not to avail services of Contract Workers. However to the Compliance Issues, Safety & Security issues, Accidents, Periodic medical check-ups etc, the entire contract management process becomes a complex subject for the departments like HR, Security & Facilities etc. Hence it is important to understand the working of contract labour and how to manage them. In the present day world globalization is increasing at a very high pace and it is resulting in profit oriented economies which in turn leads to the promotion of contract labour.

**CENTURY RAYON (A DIVISION OF CENTURY TEXTILE AND INDUSTRY LIMITED)** is labour intensify company contract labour plays a very crucial part. The company is labour oriented company which require large amount of worker for ancillary work. The involvements of contract labour reduce the liability of the company. Though contract labours actually plays a supportive role but it's very important. It also saves lot of cost to the company in comparison to permanent workers. The employer must full fills the statutory compliance which is responsibility of the employer under the contract labour Act.

Contract labours are not the direct liabilities of the company and they serve the purpose with less cost. But relationships between the company, contractor and the contract labour matters a lot. Their work quality and sincerity toward the job is influenced by the policies implemented and facilities provided by the company to them through their contractors.

# **"Analytical Study On Working Of Contract Labour Management" at Century Rayon (A Division Of Century Textile And Industry Limited)"**

## **Introduction**

The topic of discussion and the project has been to understand the globally faced problem of labour by the companies Contracting is an important process in any enterprise. Contracting helps in improvising the bottom-line with keeping the liabilities limited. Today, it is almost unavoidable for any Principal Employer not to avail services of Contract Workers. However to the Compliance Issues, Safety & Security issues, Accidents, Periodic medical check-ups etc, the entire contract management process becomes a complex subject for the departments like HR, Security & Facilities etc. Hence it is important to understand the working of contract labour and how to manage them.

The concept of contract labour can be understood from the following example, suppose A is an industrialist and he wants to build a factory and for this he hires a person B to get the job done. This person B hires other people X, Y and Z to build the factory. Now it is not necessary that X, Y and Z should be hired by B with the permission of A. A may not even know about this contract but B acting as a mediator has got into a contract with other people to get A's work done. These people X, Y and Z who have no direct contact or relationship with A are the "contract labourers".

### **Defining Contract Labour:**

"A workman shall be deemed to be employed as "contract labour" in or in connection with the work of an establishment when he is hired in or in connection with such work by or through a contractor, with or without the knowledge of the principal employer."

### **Defining Contractor:**

"contractor", in relation to an establishment, means a person who undertakes to produce a given result for the establishment, other than a mere supply of goods or articles of manufacture to such establishment, through contract labour or who supplies contract labour for any work of the establishment and includes a sub-contractor.

### **History of contract labour**

During the 19th century, demand for manual labourers to build railroads, mine precious metals, construct irrigation canals, and

perform other forms of heavy labours, grew. Particularly in tropical or semi-tropical regions, this demand for manual labor was met by indentured or contract workers. These labourers served under contracts of indenture which required them to work for a period of time--usually 5 to 7 years--in return for their travel expenses and maintenance. In exchange for nine hours of labour a day, six days a week, they received a small salary as well as clothing, shelter, food, and medical care. It generally refers to workers engaged through an intermediary and is based on a triangular relationship between user enterprises, the contractor (Including Sub-contractor) and the worker.

#### **Report on Appointment of Contract Labour:-**

Appointment of employee(s) through a contractor. Under this style, employees are engaged to do work for the company but they are not under the company's roll. The labour will be 'supplied' by a contractor and the company, called the Principal Employer, will make payment to the contractor as per bills raised by him. The contractor, in turn, will pay wages to the workers. In this case, the relationship between Principal Employer and the contractor's employees is not employer- employee relationship. As such the principal employer has no direct liability towards the employees . However, the principal employer, has to ensure that the contract employees get their wages from the contractor in time, EPF/PF in respect of these workers are remitted by the contractor in time, that bonus is given to those who are eligible for. and to obtain permission from the appropriate authorities for hiring employees through a contractor.

#### **Advantages of Using Contract Labour**

- When we use temporary labour we should be getting an employee that has already been screened and interviewed by the temp agency. If we work closely with the same agency they should be able to get a feel for what type of employees we are looking for. This also saves our time having to go through the normal hiring process.
- If we are not satisfied with the employee. We can ask the Contractor to replace him.
- Easy separation of contract employee without going through the requirement of labor laws. This offers great flexibility in the hiring and separating contract employees.
- Less administrative cost incurred on contract employee.

- Productivity of contract workers is better Vis a vis Permanent workers.
- As such the principal employer .has no direct liability towards the contract labours. The direct responsibility is of contractor.
- Economic and financial feasibility - the contract Labour are able to do a better job in terms of supervision since they have a fear of loss of job as compared to regular workers.

### **Disadvantages of Using Contract Labour**

- Principal employer is responsible in case contractor does not comply with labour laws. i.e payment of timely wages, ESI,PF.
- Contract worker can not be used in production related jobs.
- Increased litigation, problem related to quality of work and loyalty of worker.

**NEED / ROLE:** This concept of Contract Labour was introduced so that the support activities can be completed at minimum cost by the contract workers and organisations can concentrate on core activities. It provides flexibility in the matters of labour employment and contains the low cost. This concept is generally practiced in labour intensive companies, which reduces cost to the company. Now-a-days most of the organization practice it to get the work done efficiently and saves the extra cost.

### **Some of the reasons for implementation of this concept are:**

- 1.Smoothly running of production units even in high absenteeism.
- 2.Requirements for supportive job.
- 3.When turnover is high and no sufficient time for selection of new employees.
- 4.If permanent workers go on strike and production needs to be continued.
- 5.It has flexibility in terms of period of work and output as and when needed.

### **Contract labour should not be employed where:-**

- (a) The work is perennial and must go on from day to day;
- (b) The work is incidental to and necessary for the work of the factory;
- (c) The work is sufficient to employ considerable number of whole time workmen;

(d) The work is being done in most concerns through regular workmen.

### **KIND OF WORK**

Contract Labour can be employed in all ancillary jobs like security, housekeeping, maintenance, transportation, material handling etc. but not in Core activities of an organisation. In core activities only permanent employees can be hired. Contract worker are not used in the production process. Some of the works can be carried out by contract labours are: Office staff, Peons, Clerks, Servants, Drivers, Back office , Security.

### **Situation in which contract labour get hired :**

**1. Shut Down:** When production work gets stop for maintenance at that time contract labour useful.

**2. Strikes:** During this kind of crisis these contact labour play very vital role as a backbone in the company which is boon to the company and bargaining power of the staff & workers of the company is reduced and company runs smoothly.

**3. Heavy workload:** To cope up with the sporadic increase in work load there is a need of contract labour

**4. Absenteeism:** When the permanent workers for some or the other reason do not turn up and the work is affected, contract workers play very significant role and manufacturing process is not affected.

**5. Year ending (stock checking):** During this period when there is a need of stock checking at year ending , lot of extra workers are required to complete the task hence the contract labours are needed to fulfill the requirement in order to check the stock.

**6. Urgent requirements:** Contract workers help to meet the targets in the speculative durations.

### **RESEARCH METHODOLOGY**

#### **Definition of Research:-**

Research is a careful, patient, systematic, diligent inquiry or examination in some field of knowledge undertaken to establish facts or principles.

Research is a systematic, controlled, commercial and critical investigation of hypothetical propositions about the presumed relations among natural phenomenon.

#### **Primary Data Sources:**

- Through Personal Interview of departmental people.
- Through live observations.

#### **Secondary Data Sources:**

- Internet, books, magazines

#### **sample size:**

1. 30 workers of various levels, categories and from various departments.
2. 20 managers and staff of various sectors of the Payroll section.

#### **OBJECTIVES OF THE PROJECT**

- To understand the problem of Century Rayon regarding contract labour.
- To understand the advantages and disadvantages of the contract labour in the company.
- To find solutions to the problems leading to contract labour in present company and to give appropriate suggestion with respect to reduce liability and improve industrial relation.

#### **SCOPE OF THE PROJECT**

- Through discussion with manager, staff, workers of various level, feedback was collected and analyzed.
- The opportunity of making research papers with Century Rayon provided me with a handful of experiences which will help me in my academics and also professionally.

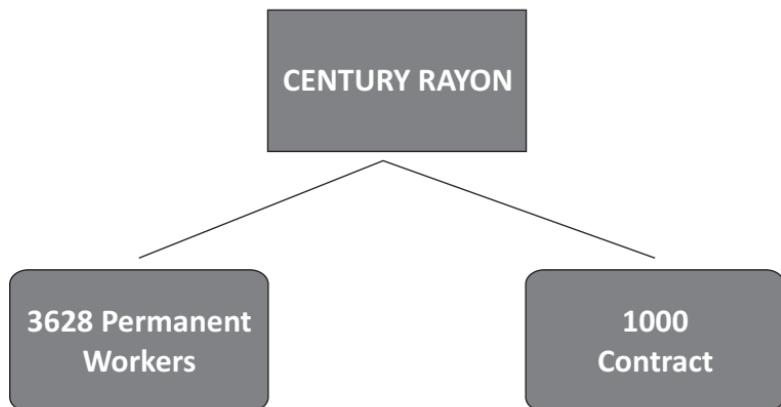
#### **Limitation of the project**

- Certain information, being very confidential as far as organization is concerned, is left untouched and not mentioned in any way.
- Some information was based on assumptions.

## **ANALYSIS OF CONTRACT LABOUR SECTION**

Century Rayon began operations in 1956; it has around 48 departments, with around 484 office staff, 3628 workers and 1000 contract labours.

The company has both core and periphery structures. The core structure encompasses all managerial staff, engineers, technicians, operators and other workers. Periphery level comprises of workers hired on contract for tasks such as cleaning, transportation, housekeeping, security, gardening jobs.



It's a difficult task to handle such a big strength of permanent workers along with contract workers.

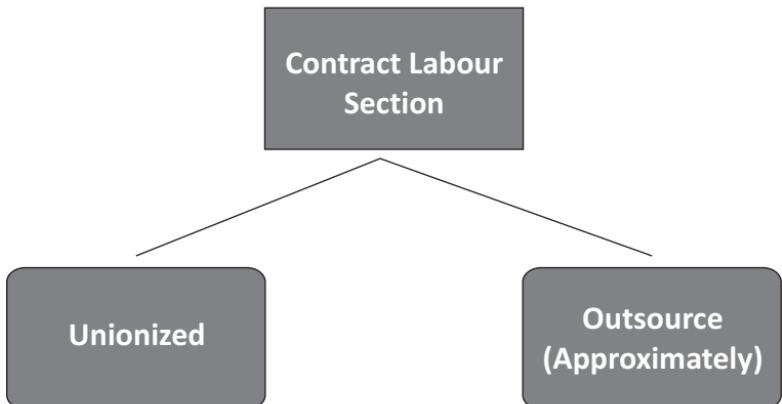
So, Century Rayon has a separate department to manage contract workers and contractors by the name of "CONTRACT LABOUR SECTION"

### **CONTRACT LABOUR SECTION**

Contract labour section deals with all the issues concern with of workers working under contract. Contract Labour Section is a part of company's HRM system. Contract labour section is a section which meets the requirement of the department of the organization by arranging right labour at right time at right place.

It handles all the issues related to hiring of contractors, providing required workers as per demand of various departments. Also it monitors the statutory compliances under various labour laws.

In century rayon there are 1000 contact labour they are categorized as unionized and outsource.



There are 397 worker who comes under the unionized category and approximately 603 worker comes under outsource category. The outsource worker works on piece rate.

#### **Statutory compliances relating to company**

Registration Certificate Amendment., ESI payment., RCC under ESI Act., Short Inspection Report under ESI Act (Monthly), MLWF Payment., Annual returns under Contract Labour Act

#### **Statutory compliances relating to contractors**

1. Contractor engaging twenty or more contract workers must apply for labour license.
2. That license must be renewed latest in the first week of January.
3. Contractors pay ESI, PF, Professional Tax, MLWF and Service tax (If applicable).
4. Contractors must maintain attendance cum wages muster.

#### **HOW DOES IT FUNCTION?**

**CONTRACT LABOUR SECTION** is specially made to handle issues related to contract labour. Contract labour section is headed by manager who in turn reports administratively to General Manager Administration and functionally to Sr. Vice President (P&A).

All the bills of the contractors are checked and sent to accounts dept by the contract labour section. Contract labour section facilitates the smooth relations between contractors and his workers and between contractors and management. It monitors that contractor is fair in his dealing with workers in matters relating to wages, benefits etc. it also helps contractors in arriving at agreements between contractor and Rayon workers union.

**BASIC REQUIREMENT FOR HIRING:** Generally contract workers are hired by contractors as per requirement of the company either on piece rate basis or labour supply. Contractors prefer well built healthy workers for heavy works like riggers and for loading and unloading jobs. For technical work ITI trained fitters and welders are hired. Contractor issues attendance card to his workers.

**MANAGEMENT SYSTEM :** Century Management does not play any direct role in the matters of contract workers. The management through contract labour section monitors that contractors do not exploit the workers. Contract workers are given correct and timely wages and other benefits. Contractors follow all the provisions of main labour legislation. In short management ensures that contract workers are treated fairly by the contractors.

**REQUISITION FOR LABOUR:** Generally requirements of labour are sent with the Performa slip called as requisition slip. Requisition slip books are printed by company and are issued by contract labour section to various departments.

**REQUISITION SLIP:** The requisition slip is a demand slip for requirement of contract workers procuring labours from the hired contractors. The requisition is prepared and signed by the department head or shift incharge, and further approved by the senior manager. The requisition slip contains the number of labours required, working days/ hours, and kind of work or task to be furnished. The requisition thus becomes order for supply of labours for contractors. The duly filled and signed requisition slip is then forwarded to contract labor section. Contract labour section gives this requisition memos to respective contractors. Thus requisition slip becomes the basis for payment to the contractors.

## LABOUR REQUISITION SLIP PERFORMA

LABOUR REQUISITION CUM WORK ORDER		No. 10051
<b>A. LABOUR REQUISITION</b>		
From : _____	Date : _____	
TO : Contract Labour Section		
Please arrange to provide _____ Labour through Contractor to carry out following Job.		
The Job is likely to be completed with in _____ days from _____ to _____		
for the following work on Jobs / Daily basis in ..... Shift (s)		
<b>Nature of work &amp; Brief Job Description</b>		
<hr/> <hr/> <hr/>		
Approved by :		
Signature .....	(Signature of Dept. Head/Shift Incharge)	
Name .....	Name .....	
Designation .....		
<b>B. WORK ORDER</b>		
M/s. _____		
License No. _____	please carry out the mentioned Job w.e. from _____ to _____ (_____ days) as per the rates decided.	
I accept this order on the conditions as per the agreed terms.		
Contractors Signature		Authority Contract Labour Section

**ENTRY & EXIT:** Contractor must issue identity card to his workers as per the provision of the contract labour Act. Contractors give white colored punching smart cards with a unique ticket number to their workers. Names of the contractor and worker are mentioned on this card. The cards are issued to contractors as per their need.

### HOW DOES IT FUNCTION?

Labour supply Contractors calculate the wages of their workers from the time recorded through swipe cards. For this purpose all contractors together have hired a staff of three. Piece rate contractors pay their workers on the basis of number of units of work completed. However the attendance of their workmen through swipe card is recorded for the purpose of statutory payments and bonus payment. This entire operation of smart cards, data entry, maintaining statutory records of contract workers is done by the staff of contractors. labour gets validated SMART CARD, which contains employee ticket number and other details as applicable.

### PAYMENT SYSTEM

Wages vary as per skills in 3 categories-

Category	Skilled	Semi-Skilled	Un-Skilled
Payment	High	Moderate	Minimum

## **Gross Wages includes-**

**Basic Wages:** Basic payment is fixed by State Government. Basic wages are revised after every 5 to 6 years.

**Special Allowance:** Special allowance is revised by State Government after every 6 months. Special allowance is based on cost index of essential commodities calculated by State Government.

**HRA (5% on Basic Wages):** As per the Maharashtra house rent Act.

## **Statutory facilities relating to health and welfare of contract workers**

**1. WELFARE & HEALTH OF CONTRACT LABOUR :** The facilities required to be provided under sec. 18 & 19 of the Act namely sufficient supply of whole-some drinking water, a sufficient number of urinals and washing facilities and first – aid facilities shall be provided by the contractor in the case of the existing establishment within 7 days of the commencement of the employment of contract labour item.

**2. REST ROOM:-** In every place wherein contract labour is required to halt at night in connection with the working of the establishment to which the act applies and in which employment contract labour is likely to continue for 3 months. Separate rooms shall be provided for women employees.

**3. CANTEEN FACILITY:-** In every establishment to which the Act applies & wherein work regarding the employment of contract labour is likely to continue for 6 months & wherein contract labour numbering 100 or more are ordinarily employed an adequate canteen facilities shall be provided by the contractor for the use of such contract labour within 60 days of the date of the coming case of the existing establishment,

Within 60 days of the commencement of the employment of contract labour in the case of new establishment. The canteen shall be maintained by the contractor or Principal employer as the case may be in an efficient manner. Subsidized canteen facility is provided to contract labour. They get the food at low cost.

**4. FIRST – AID BOX:-** In every establishment which comes within the scope of the Act there shall be provided & maintained so as to be readily accessible during all working hours. First – Aid boxes at the rate of not

less than one box for 150 Contract Labours or part thereof ordinarily employed.

All these facilities century rayon provide to their labours thus maintaining relations with them properly and result of that many contract labours working from last 30- 40 years.

### **Benefits offered by contractors to contract workers in Century Rayon**

**1. Gratuity:** Gratuity is paid to contract worker as per the provision of payment of gratuity Act i.e. 15 days of payment for each completed year of service.

**2. Leave:** It can be termed as earned leave which a worker gets when he completes his 20 days of service; he gets 1 holiday. Also a sick leave when ESI sanction it.

**3. Bonus:** According to “Payment of Bonus Act”-Every employee of the industry should get the BONUS payment once in a year. Bonus is the sum of the amount paid extra other than the salary or wages.

According To the Act, minimum Bonus should be 8.33% of basic payable wages and it cannot exceed the limit of 20% (i.e.20% is max.). The payment of bonus should be made by employer within 1 year after declaration of his Balance-sheet. But the condition is that employee must have to be worked for at least 30 days. If employee does not fulfill this condition he is not liable to receive Bonus.

Worker get bonus during the month of May every year the purpose of providing bonus during this month because all the worker go for holiday on summer vacation bonus help the worker to enjoy their leaves.

### **STATUTORY DEDUCTION**

It is done according to “Payment of minimum wages Act. 1948.”

#### **It includes:-**

**P. F. (Provident Fund):** Both contractors and contract workers pay equal contribution of 12% each in this fund. In addition to this contractor also bears the administrative cost of maintaining this fund by PF office. Contribution by Employee and Employer. (**EDLI:** Employee Deposit Linked Insurance Scheme)

Employee	Employer
12% on Basic	13.61% on Basic (Including 1.61% ADMIN & EDLI expenses)
Whole goes in P.F	8.33% to pension 3.67% to P.F. & 1.61% to ADMIN expenses

**PENSION:** When member of PF retires or resigns he is given pension as per the rules of Pf provided he must have worked for minimum 10 years.

**ESIC:** Employees' state Insurance Corporation of India, is a multidimensional social system tailored to provide socio-economic protection to worker population and immediate dependent or family covered under the scheme. Besides full medical care for self and dependents, that is admissible from day one of insurable employment, the insured persons are also entitled to a variety of case benefits in times of physical distress due to sickness, temporary or permanent disablement etc. resulting in loss of earning capacity, the confinement in respect of insured women, dependents of insured persons who die in industrial accidents or because of employment injury or occupational hazard are entitled to a monthly pension called the dependents benefit.

### **FINDINGS**

- **Delay in work:** Many times is seen that the contract worker who is unionized is come late due to this it affect the working of department.
- Many time it seen that the departments use contract labour after that they send requisition to contract labour section. It create the problem in the attendance system of the contract labour section.
- Contract labour section play vital role in the management of labour because many times labour try to form a union which affect the working of the organization.
- **Beneficial:** Contact labours are very vital elements of the company. Most of the support functions are discharged by contract labours and thus permanent workmen can concentrate on manufacturing process and core activities.

- **Cost effective:** It is cost effective in this world of cut throat competition and provides flexibility to the employer in augmenting the manpower as per the needs.
- **Canteen:** Contract labour canteen is outside the factory premises which leads unnecessary problems as many times contract labours try to have food in canteen of permanent workers. This results in rush and time waste as it takes more time to serve food to a large no. of workers.

## **RECOMMENDATIONS**

**ENTRY AND EXIT:** In the organization there is only one labour gate. The number of contract and permanent labour is large, there are many shifts due to this traffic problem occurred in the premises during entry and exit. The timing of entry and exit of the contract worker should not be same with permanent Worker. There should be at least 15 minute gap between permanent and contract workers entry and exit timing.

**ATTENDANCE SYSTEM:** This should be done online which can save lot time as movement of yellow slip book and requisition book takes lot time and creates lot of confusion during the preparation of attendance of the labour and making proper overtime report which too consumes lot time and is not also fool proof. Software should be used to maintain the attendance record and to make the monthly wages. Manual work should be avoided. Instead of sending yellow slip, ticket no. can be filled online by head of department using personal unique ID and Password of that particular department and can be shared with contract labour section, and then records can be prepared day to day.

Closed circuit cameras should be installed in every office to maintain the discipline and decor of the company and prove evidence in the future for record keeping.

**IDENTIFICATION:** To distinguish the contract labours from the rest of permanent workers and recognizable mark such as a coloured over coat or jacket.

## **CONCLUSION**

By this study, I have concluded that in a labour intensify company contract labour plays a very crucial part. The company is labour oriented company which require large amount of worker for ancillary work. The involvements of contract labour reduce the liability of the company. Though contract labours actually plays a supportive role but it's very

important. It also saves lot of cost to the company in comparison to permanent workers. The employer must full fills the statutory compliance which is responsibility of the employer under the contract labour Act.

Contract labours are not the direct liabilities of the company and they serve the purpose with less cost. But relationships between the company, contractor and the contract labour matters a lot. Their work quality and sincerity toward the job is influenced by the policies implemented and facilities provided by the company to them through their contractors.

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