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From the Chief Editor's Desk

It is a great pleasure to announce that the 4th volume of our journal "BIITM Business Review" is being published. It contains quality articles with rich inputs on various domains of management. We extend our heartfelt thanks to all the contributors from various institutions and hope their cooperation in future also.

We are trying best to improve the quality of the journal and striving our continuous effort to achieve this goal. We hope the journal will meet its goal by providing quality inputs to students, faculty members, researchers and to academic fraternity as a whole.

The editorial board would like to extend heartfelt thanks to its Chief Patron, Mr. P. K. Balabantray, Patron, Prof. P. R. Pattanayak and Advisors for their encouragement and support for the success of this issue.

Dr. P. K. Tripathy
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From the Editor's Desk

It gives us immense pleasure in informing you that our journal "BIITM Business Review" has become popular and gain acceptance in a short span of time. We are proud to host articles with the ISSN number as it enhances the recognition and credibility of the articles published in the journal.

The articles in this issue are a selection from the work done by a group of researchers and practitioners on some of the important aspects of management and related fields. It is our continuous effect to bring out the versatility of the concepts in the light of providing knowledge and satisfaction to our readers.

The editor would like to heartily thank its Chief Patron Mr. P. K. Balabantray, Principal, Advisor, members of the editorial board, the authors and other well-wishers for their cooperation and encouragement in bringing out this issue.

Dr. (Mrs.) Archana Choudhary

Editor

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Behavioural Analysis of Retail Investor's Investment Pattern: A study of Berhampur City, Odisha

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Abstract

In India investors has a wide range of options to choose while making his/her investment decision. Keeping pace with the changing times and under the liberalized financial sector regime, the financial institutions has come up with decorated with innovative instruments to meet the growing demand of modern investors. But this innovative and diversified financial system could not lost the appeal of traditional means of investment. Through this study, an analysis has been made to project the preferred investment avenues of the household investors. The results also highlight that certain factors like education level, awareness about the financial system, age of invertors etc make significant impact while deciding on the avenues for investment. The study identifies the preferred investment avenues among the individual investors on the basis of primary sources of data which are collected from the city of Brahmapur city of Odisha, India by distributing a close ended questionnaire. The data has been analyzed using percentage, chi-square test and ANOVA. Further, it is observed that higher income group shows relatively high preference towards investment in share market, conversely lower and average income group shows keen preference towards insurance and banks as the most preferred investment avenues.

Keywords: Investor's Behaviour, Retail Investors, Savings, Investments

Introduction

Post 1991, there has been widespread structural changes in the financial sectors have followed the transformation of India from a highly regulated economy. Consequently, the government's intervention and domination in many spheres of activity is gradually giving way to private sector. The service sector in general & financial sector in particular has played an important role in this change. It is the development of the financial system, which resulted in a sea change in financial transactions and transformed economics from stagnant & backward position to dynamic & vibrant ones in the present times. But during last couple of years specially 2008 onwards, India's high economic growth has faded away rapidly during the past two fiscal years after showing a speedy recovery from the global financial crisis in 2008-09. According to the survey findings of monthly report of National Council of Applied Economic Research January 2013, the growth of gross domestic product (GDP) expanded at the pre-crisis level

of 9 per cent during 2009–10 and 2010–11. Since then, there has been a free fall of GDP growth. In spite of the above factors which contribute to negative sentiments among the investors, we witnessed Sensex (the sensitive stock index of Bombay Stock Exchange) rose to the level of 21059 points (as on 30th October'2013). Major reason behind such surge is primarily due to FII's contribution in the participation in Indian bourses. So, from the trend of financial market, it is imperative to design appropriate investment option for retail investors by the designers of financial service providers. From retail investors' point of view, keeping large amount of money in bank is not wise as currently bank rate has fallen down below the inflation rate. As in real terms the value of money decreases over a period of time, the only options available for them is to invest their money in stock market.

Background of the Study

According to the report — “*How Households Save And Invest: Evidence from National Council of Applied Economic Research (NCAER) Household Survey 2012*” — released by the Securities and Exchange Board of India (SEBI), though Investor population in India has grown significantly during last decade, the participation by Indian households in the securities market continues to remain low. Survey revealed fifty four percent of all households treat commercial banks and insurance schemes as their primary choice for savings at all India level. Education plays a significant role in influencing risk preferences. Villages that are close to urban centres significantly participate in financial markets particularly in the mutual funds. The strong preference of investors is towards mutual funds (43 per cent) and secondary markets (22 per cent). In urban areas, forty one per cent of investors invest in mutual funds and twenty one per cent secondary markets, whereas, forty six per cent rural population chooses mutual funds and twenty two per cent secondary markets. Eleven to twenty five per cent of all households save in post office savings schemes. On average females take less risk than their male counterparts both in rural and urban. Business and white-collar workers hold more risky assets than their blue-collar counterparts.

With this background, a humble attempt is made in this paper to study the demographic factor which influences the investment schemes selection behavioural of Indian retail investors.

Conceptualization of investment options considered for the study

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciations realized are shared by its unit holders in proportion to the number of units owned by them. Life Insurance or Life Assurance, on the other hand, is a contract between the policy owner and the insurer where the insurer agrees to pay a sum of money upon the occurrence of the insured. Fixed deposits offered by banks, have a fixed tenor of

time before which the account holder cannot withdraw money. Thus the money in this type of account remains for a long period of time, thus facilitating the bank to use this money for other purposes. Government sponsored small savings schemes are specifically for individuals. These products are offered by Indian Post Office. Investors who chose this investment option may deposit any amount between Rupees 500 to Rupees 100000 for long or medium term period. Investors enjoy income tax benefits on investing in these products under section 80C of Indian Income Tax Act 1961.

Review of Literature

A number of studies that have been taken place in India to examine the investment habits and preferred investment avenues among the households. They touch upon varied aspects of investment options available for retail investors, investor expectations, investor safety, trend in growth of performance parameters of investment options.

Jaspal Singh and Subhash Chander, (2011), in their article, "Investor's preference for investment in mutual funds: An empirical evidence", the results show that the investors consider gold to be the most preferred form of investment, followed by NSC and post office schemes. Hence, the basic psyche of an Indian investor, who still prefers to keep his savings in the form of yellow metal, is indicated. Investors belonging to the salaried category, and in the age group of 20-35, years showed inclination towards close-ended growth (equity-oriented) schemes over the other scheme types. A majority of the investors based their investment decision on the advice of brokers, professionals and financial advisors. The findings also reveal the varied experiences of respondents regarding the returns received from investments made in mutual funds.

Ippolito (1992) and Bogle (1992) Research findings showed that investors select funds on basis of past performance of funds and investors spend more money on winning funds than they flow out of losing funds.

Kavita Ranganathan's (2004) conducted a survey in Mumbai revealed that investors prefer performance records, brand name, expense ratio, portfolio of investment, reputation of portfolio manager, withdrawal/exit facility, products with tax benefits and load charges for taking decision on investment.

D.S. Chaiubey and Rajat P. Dimri (2009) in their research article, "Investment Pattern: A Psychographic Study of Investors of Garhwal Region of Uttarakhand" identify the investment perceptions and their behavior for designing effective investment policies. Analysis indicates the shifting trend of investors from post office and other government investment schemes to investments in banks, mutual funds and equity etc.

Singh and Chander (2004) studied the perceptions of investors towards Mutual Funds and analysed reasons for withdrawal and or not investing any more in Mutual Funds by some investors. The study covered Punjab, Delhi and Mumbai with convenience sample size of

260 completed questionnaires. The study also reveals that investors belonging to salaried and professional categories and in the age group of 20-35 years prefer day today disclosure of NAV by funds. This is the salaried and the retired who wished for higher tax rebates on investment in Mutual Funds, perhaps with an obvious desire to enhance return when combined with tax.

Sikidar and Singh (1996) carried out a survey of the investors of the North Eastern region towards equity and mutual funds investment portfolio. The survey revealed that the salaried and self-employed formed the major investors in MFs primarily due to tax concessions.

NCAER in its survey of three lakhs individual investors in 2012 revealed, Bank Deposit has an appeal across all income class; 43% of the non-investor households lack awareness about stock markets; It also reveals that mutual funds have not truly become the investment vehicle for small investors; the number of households owning units of mutual funds is merely 9%.

Objective of the study

In order to examine the issues as raised above, this paper has the following objectives:

- a) To understand the retail investors' behavioural towards different savings avenues on the basis of their age, gender, education and profession.
- b) To identify the features as the retail investors look for in investment products.
- c) To identify the investment objectives as per age, profession and education.
- d) To identify the preferred sources of information for investment

Tools and Techniques used

Tables, bar diagram and structures are used in explanations to bring out the point more clearly. Tabulation of the primary data was done. On the basis of these tables, trends came out more visibly. Other statistical techniques those are used in the present study include:

- a) *Percentage Method*: to show the trend of the variable.
- b) *Chi-square*: to test the independence of the attributes.
- c) *Two-way ANOVA*: to test the equality of the variances between two sets of variables.
- d) *Rank correlation*: to find the relationship between two variables.
- e) *Z-test*: to test the equality of two-population proportion.

Hypotheses

(1) For analyzing the pattern of investment on the basis of Age, Education and Profession the following hypotheses are taken into consideration:

H_0 : There is no significant difference in investments avenues among the investors on the basis of their age, qualification and profession.

H_1 : There exists a significant difference in investments avenues among the investors on the basis of their age, qualification and profession.

H_{1a} : There is a difference in the investment pattern amongst the investors of different age groups.

H_{1b} : There is a difference in the investment pattern amongst the investors on the basis of their level of education.

H_{1c} : There is a difference in investment pattern among the investors based on their professions.

(2) For gender-wise analysis, the interest lies in taking the gender wise preference to the different investment pattern by using large sample Z-test, the hypothesis under consideration is:

H_2 : Males invest more as compared to females.

Limitations of the Study

Like most of the other social researches, the study suffers from the following limitations that should be considered carefully at the time of generalizing the findings of the study:

- a) Sample size is limited to 100 financially literate investors from Berhampur city only. The sample size may not adequately represent the Orissa state and India's investment scenario.
- b) This study has not been conducted over an extended period of time having both market ups and downs. The market state has a significant influence on the buying patterns and preferences of investors.

Data Collection and Methodology

Due to constraints of resource and time along with preliminary nature of this investigation, only 100 interviews were made from Brahmapur city of Odisha. Simple random sampling was followed to select the sample. To obtain a probability sample, considerable effort was devoted to selecting the appropriate sample plan. Our definition of present retail investor is "An individual who has currently (i.e., as on August, September or October 2013) invested in any mutual fund or insurance scheme". The population was defined as residents of Brahmapur city who have invested in mutual fund, insurance schemes, bank fixed deposits, shares and government sponsored debt related schemes including postal schemes. A preliminary version of the questionnaire was developed in English on the basis of insights from in-depth qualitative interviews with stock brokers, mutual fund distributors and investors, insurance policyholders bank officials and bank deposit holders, postal investment agents and investors.

Analysis and Interpretations

Age-wise Analysis

Investors in any industry comprise people from different age groups and their investment pattern also differs significantly on the basis of age groups. For case in point, Alinvi & Maira Babri (2007) is of view that young customers become strategic group for companies within the financial industry. Therefore, understanding young customers' perspectives is important for financial companies to be able to provide the services they demand. The sample in our

study constitutes investors from the age groups of: Under 25, 25-35, 35-45, 45-55 and above 55.

Table – 1: Showing age wise distribution of the total respondents

Age	Number of respondents	Percentage
Below 25 years	32	32 %
25 – 35 years	23	23 %
35 – 45 years	18	18 %
45 – 55 years	19	19 %
55 years and above	8	8 %

As we are interested to know the difference in the investment pattern across different age groups, a two-way ANOVA is worked out for each of the following hypotheses:

H_{0a} : There is no significant difference in the investment pattern amongst the investors of different age groups.

H_{1a} : Different investment patterns do not differ much among themselves.

Table – 2: ANOVA Table Showing investment pattern and age

Source of variation	d.f.	Sum of squares	Mean sum of squares	F (Calculated Value)
Row (investment pattern)	5	83.37	16.674	$F_1 = 3.3481$
Column (age)	4	141.57	35.41	$F_2 = 7.11$
Error	20	99.63	4.98	
Total	29			

$F_{0.05(5,20)} = 2.71 < \text{Cal. } F_1 \text{ (Investment Pattern)} \longrightarrow H_{01} \text{ is rejected}$

$F_{0.05(4,20)} = 2.87 < \text{Cal. } F_2 \text{ (Age)} \longrightarrow H_{02} \text{ is rejected}$

As both H_{01} and H_{02} are rejected, it is inferred that the investors have significant difference in the pattern of investment with respect to their age. Further to find out which of the row-means differ significantly, the Critical Difference (the least difference between any two means to be significant) was calculated and the results are as follows:

Critical Difference, $CD = t_{0.05 \text{ for d.f.}} \sqrt{MSE(\frac{2}{r})} = 6.58$, where r = number of replication

Table – 3: Showing investment pattern (row) with age of the investors (column)

Category	Investment Pattern	Row mean
A	Bank Fixed Deposit	4
B	Shares	1.8
C	Mutual Funds	3.6
D	Insurance Policies	6.2
E	Government sponsored saving schemes (including postal savings schemes and PPF)	3.6
F	Others (real estate, derivative instruments etc)	0.8

After determining the critical differences and comparing the same with each other, it is observed that there is insignificant difference among the treatments A, B, C, D, and E (row wise). Again,

Critical Difference, $t_{0.05 \text{ for d.f.}} = 6$, where r = number of replication

Table – 4: Showing investment pattern (row) with age of the investors (column)

Category	Investment Pattern	Row mean
A ₁	Under 25 years	1
B ₁	26 to 36 years	6
C ₁	37 to 47 years	4.67
D ₁	48 to 58 years	4.33
E ₁	58 Years and above	0.66

Finding out the critical differences and comparing these with each other, we find insignificant difference among the treatments A₁, B₁, C₁, D₁, and E₁ (column wise).

- (1) As H_{01} , H_{02} are rejected at 5% level of significance, we can conclude that different investment avenues do not provide the same level of satisfaction and also the investors differ in the choice of their investment avenues according to their age.
- (2) But insignificant difference (row-wise and column-wise) implies that although the investment avenues are significantly different in providing satisfaction, the investors do not have considerable variation in their preferences on the basis of their age.

Educational Qualification-wise Analysis:

Our sample consists of the investors, which spread on a cross-section of the different educationally qualified groups starting from tertiary to professional degrees. Majority of the respondents are graduates. The fundamental objective of this analysis is to find out whether the investment pattern varies with respect to the level of education or not. To authenticate this, a two-way ANOVA is worked out for testing each of the following hypotheses:

Null Hypothesis H_{0b} : There is no major deviation in the investment patterns amongst the investors on the basis of their level of education.

Alternative Hypothesis H_{1b} : Different investment patterns do not differ much among themselves.

Table – 5: ANOVA Table showing investment pattern and education level

Source of variation	d.f.	Sum of squares	Mean sum of squares	F (Calculated Value)
Row (investment pattern)	5	85.33	17.006	$F_1 = 2.39$
Column (Education Level)	3	338.996	112.99	$F_2 = 15.84$
Error	15	107.004	7.13	
Total	23			

$F_{0.05(5, 15)} = 2.90 > \text{Cal. } F_1 \text{ (Investment Pattern)} \text{ ————— } H_{0b} \text{ is accepted}$
 $F_{0.05(3, 15)} = 3.29 < \text{Cal. } F_2 \text{ (Education level)} \text{ ————— } H_{0b} \text{ is rejected}$

As H_{0b} is accepted and H_{1b} is rejected at 5% level of significance, at this point it can be concluded that although the different investment patterns give more or less the equal level of satisfaction, there are still some variation among the investors basing upon their level of education. Consequently we are interested to know which pair of education-level differs most among them. To be more likely with the results, we find out the Critical Difference (CD) and the result is as follows:

Critical Difference, $t_{0.05 \text{ for d.f.}} = 8.71$, where r = number of replication

Table – 6: Showing investment pattern (row) with education level of the investors (column)

Category	Investment Pattern	Row mean
A	Matriculation	0.5
B	Intermediates	0.5
C	Graduates & Post graduates	9.0
D	Professional qualification	6.66

By judging the critical difference and comparing these with each other, we find insignificant variation among the category of A, B, D (column wise), whereas the category C (Graduates & Post Graduates) differs most significantly from others. The highest mean score for the graduate & postgraduate investors as shown above also corroborates our earlier observation in this context.

Profession-wise Analysis

By and large, investors from different professions invest for dissimilar purposes. The pattern of investment might have significant difference so far as their profession is concerned. For this purpose, a two-way ANOVA is furthermore worked out on the basis of following hypotheses: Null Hypothesis H_{0c} : There is no difference in the investment pattern among the investors from different professions.

Alternative Hypothesis H_{1c} : Different pattern of investment do not differ much.

Table – 7: Showing investment pattern (Row) with profession of the investors (Column)

ANOVA				
Source of variation	d.f.	Sum of squares	Mean sum of squares	F (Calculated Value)
Row (investment pattern)	5	83	16.6	$F_1 = 3.64$
Column (Profession)	4	183	45.75	$F_2 = 10.05$
Error	20	91	4.55	
Total	29	357		

$F_{0.05(5,20)} = 2.71 < \text{Cal. } F_1 \text{ (Investment Pattern)} \text{ ————— } H_{01} \text{ is rejected}$

$F_{0.05(4,20)} = 2.87 < \text{Cal. } F_2 \text{ (Profession)} \text{ ————— } H_{02} \text{ is rejected}$

Thus it can be believed that, investors have extensive differences with respect to their professions and the different patterns of investment vary widely among themselves as well. Moreover, we have calculated the Critical Difference (CD) to find out which of the row-means differ significantly.

Critical Difference, $t_{0.05 \text{ for d.f.}} = 6$, where r = number of replication

Table – 8: Showing Investment Pattern

Category	Investment Pattern	Row mean
A	Bank Fixed Deposits	4.4
B	Shares	2.0
C	Mutual Funds	3.6
D	Insurance Policies	5.8
E	Government sponsored saving schemes	3.6
F	Others	0.6

Insignificant difference among the treatments A, B, C, D, E (row wise) was observed after calculating the critical differences and comparing these with each other. Again,

Critical Difference, $t_{0.05 \text{ for d.f.}} = 5.467$, where r = number of replication

Table 9: Showing Occupation of the investors

Category	Occupation	Row mean
A ₁	Service with Government organisations	7.16
B ₁	Entrepreneur	4.5
C ₁	Service with non-government sector	3.66
D ₁	Self employed professionals	0.6
E ₁	Students	0.6

Again, we find an insignificant difference among the treatments of B₁, C₁, D₁, E₁ (column wise) and the treatment A₁ (Govt. servants) differs most from D₁ (Self employed professionals) and E₁ (students) after determining the critical differences and comparing these with each other. So it can be concluded that, on an average; the government servants are investing to the maximum extent, whereas the Self employed professionals and students are investing the least in mutual funds and insurance policies.

Gender-Wise Analysis

Though men and women are two sides of the same coin, women still have the main responsibility for meeting household needs and are therefore a major force in determining consumption trends. As such, women have an essential role to play in the development of economically sound consumption and production patterns. For this purpose, we have performed the large sample test (Z) in order to invalidate the proposition that men invest more than women. For the purpose, the following hypotheses are taken into consideration:

Null hypothesis: $H_0: P_1 = P_2$

Alternative hypothesis: $H_1: P_1 > P_2$

Test statistic:

Where,

P_1 = Population proportion of males;

P_2 = Population proportion of females

n_1 = Total no. of males in the sample = 70

n_2 = total no. of females in the sample = 30

Level of significance is 5% = 0.05

And $Q - 1 = P$

P_1 = Sample proportion of male = $(50/70) = 0.714$; P_2 = Sample proportion of female = $(10/30) = 0.30$

Thus, $P = 0.60$ and $Q = 0.40$

= 2.80

As $Z_{cal} > Z_{tab}$, H_0 is rejected and H_1 is accepted, accordingly it can be established that men are dominating in Indian mutual funds and life insurance industry as compared to women.

Major sources of the information for Investors

There are many sources from which investors get the information regarding availability of various investment avenues. The most popular among them is found to be the newspaper (40%). 32% of the investors identify agents, 15% identify friends, 7% identify distribution houses as their main source of information, whereas only 6% get information directly from the company.

Table 10: Showing sources of information on investment options

Source of Information	Percentage of the investors
Agents	32%
Direct from the company	6%
Distribution house	7%
Friends	15%
Newspapers and magazines	40%

Conclusion and Findings

Under the study, the researchers have tried to sketch the behavioural pattern of retail investors towards two important investment opportunities, i.e., mutual fund and life insurance. A couple of hypothesis in this regard has been selected and tested to reach to conclusions. And the research concludes with some important findings that will be valuable for both the investors and the companies having such investment opportunities.

It is found that, the different investment pattern do not provide the same level of services with respect to age of the retail investors in India. Even though the investment patterns provide more or less the same service, there exist differences depending on the education level of the investors. It is observed that investors with the graduate & postgraduate level of academic qualification are investing more in life insurance and the professionals are investing more in mutual fund. The investors have a wide difference with respect to their profession and also the different investment patterns vary widely. It is clear that majority of the people (35%) are investing with the objective of capital growth, followed by Tax saving (28%) and only 17% are investing for the Retirement plan. Maximum investors (30%) like to invest in life insurance followed by mutual fund (20%) & Government saving schemes (18%). Majority of the respondents (58%) belongs to the income group of 2.5-5 lakhs, followed by 5-7.5 lakhs income group. 75% of the investors in the income group of 2.5 – 5 lakhs, prefer to invest in the life insurance. It is evident from the table-J that majority of the respondent investors trusts print media and their agents/advisor for taking investment decisions.

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Annexures:

Table 11: Crosstab of Education and Investment Pattern

Education	Bank Fixed Deposit	Equity Stocks	Mutual Funds	Insurance Schemes	Government Small Savings Schemes	Others	Total
Matriculation	5	1	2	1	3	0	12
Intermediate	7	2	3	1	10	0	23
Graduate / Post graduate	9	7	6	6	2	0	30
Professional qualification	6	3	8	5	8	5	35
Total	27	13	19	13	23	5	100

Table 12: Crosstab of Investor's Age and Investment Pattern

Age	Bank Fixed Deposit	Equity Stocks	Mutual Funds	Insurance Schemes	Government Small Savings Schemes	Others	Total
less than 25	5	1	2	1	3	0	12
25-35 years	7	2	3	1	7	0	20
35-45 years	6	5	6	4	2	0	23
45-55 years	6	3	6	5	8	4	32
55 years and above	3	2	2	2	3	1	13
Total	27	13	19	13	23	5	100

Table 13: Crosstab of Profession and Investment pattern

Profession	Bank Fixed Deposit	Equity Stocks	Mutual Funds	Insurance Schemes	Government Small Savings Schemes	Others	Total
Salaried Employee in Government Organization	4	1	2	2	3	0	12
Entrepreneurs	7	5	4	1	3	0	20
Salaried Employee in Non-Government Organization	6	5	6	4	2	0	23
Self-employed Professionals	5	3	7	4	9	4	32
Students	3	2	2	2	3	1	13
Total	25	16	21	13	20	5	100

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Design of market atmosphere is an effective tool of advertising than store design

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Abstract

In the present techno competitive market it's a big challenge for the marketers to satisfy the consumer needs and wants. It is seen that marketers are developing their strategy by the help of organized retailing which is nothing but designing the store atmosphere in such way where consumer will feel comfortable to make their purchasing decision and all the amenities they are getting in single roof. So the present study try to investigate is there any concept within the consumer mind regarding market exposure (atmosphere design). If it is true so what is there preference level towards these new concept and their opinion regarding this than only store design. The study suggests that if advertisers increase their concentration to market development including the convenience an ambience besides congenial atmosphere to move around in the market place then it will itself be proven as important advertisement media and supportive agent to enhance ad effectiveness itself by increasing quality and intensity of exposure rather than only considering the store design.

Key words- Store design, Market exposure, Effective advertising, Attitudinal change.

Introduction:

In the present techno competitive market it's a big challenge for the marketers to satisfy the consumer needs and wants. Consumers are getting acquainted with modern technology, in one sense it has a positive impact to judge the right products/ informations and also have a negative impact that make the consumer choosier. Applying marketing strategy to develop their market environment and policies like increase brand loyalty, develop product quality and positioning, designing message for the customers and promote it at the right time and at the right place. At the same time marketers also giving more concentration to increase the attention level of consumers. Though the internal factors of consumers like selective exposure, selective attention, retention, expectation are the inner feel of consumer which they apply at

the time of taking purchase decision. So these are the components have a direct relationship with attention of the consumers. At the same time marketers also apply some other external factors to support the consumers' cognitive process. These are intensity, contrast, repetition, novelty that helps consumers to think in a lighter way. These internal and external factor helps consumer to increase their attention level but it is in doubt how these attention transform into their buying motives which are the main objectives of the marketers because consumers give more importance on what they perceive rather than the actual message. This is a natural tendency of every consumers. but in present day the situation has been changed due to the changing of socio-economic and cultural dimension of consumers and due to innovation of new technology helps consumer to update them very fast with different kinds of information. So only increase the consumers attention is not the right solution to make them loyal, some other factors have to consider with this that make the consumers loyal with full of satisfaction. The question is how?. Because in the present day consumers are very much time conscious and they spent very less time to search information which will help them to take a right decision and in the busy schedule and chaotic situation of market they try to find out such a place where they can take their decision in the light environment. In this situation it is generally found that all the media like electronic, print and outdoor media are increasing their exposure level in a wider sense to develop the consumer mental framework. But the question is that is it sufficient to stand the consumer in the right path to take their right decision. It is seen that marketers are developing their strategy by the help of organized retailing which is nothing but designing the store in such way where consumer will feel comfortable to make their purchasing decision and all the amenities they are getting in single roof. So market design helps consumer to increase their market exposure (atmosphere design) level and the most important thing is that in market exposure (atmosphere design) all the consumer exposed equal basis. So development of market infrastructure and ambient atmosphere where consumer feel free to move around the market and match themselves with product personalities. So our basic objective is to find out that though print, television, outdoor media have a role to create attitude of the consumer in this regards is there any role of marketing exposure i.e. designing of market atmosphere to formation of attitude of the consumers than only store decoration (design).

Concept of Store exposure (design) and Marketing exposure (atmosphere design)

Marketing exposure is the state of interaction of customer cognitive, affective framework of their attitude with the product display, store display, product accessibility, promotional displays and their combined impact over the exposure that consolidates the attitude of the customers towards the brand and advertisements in a market place. This consolidated process is the outcome of informal repetition and revision of the promotional advertisement campaign going on electronic and outdoor media for the several brands. Therefore it is a potential area of examining the mechanism of the advertising effectiveness for any brand/ product. Only few

studies have been found in this regard addressing the theme within the same spirit and direction as stated by authors of the work above. And this is one of neglected area of advertising research. For example, in one of the study by Laura Lake defined market exposure (atmosphere design)s state of art display ad campaign optimization, banner ads retargeting. Campaigns optimization involves many variables including ad size, converting colors, eye catching animation, network distribution and intuitive behavioral retargeting. Campaign optimization ability will dramatically increase name branding, sales, brand awareness, conversion, and product interest. Further in yet another study examined the phenomenon of market exposure (atmosphere design) where they have highlighted create an attractive, distinctive store that reflects the mission and value. create a store layout that makes it easy for customers to shop. Have a building that structurally durable, appropriate and environmentally responsible (www.cooperativegrocer.coop/articles/.../steps-effective-store-design)

In these studies focus is on store level decoration and display of banners, design of layout of store, converting color and ad size and impact of such arrangement is supposed to be automatic. This is a passive approach to the promotional challenges. We emphasize mutual interaction of customer attitudinal framework with a store decoration as well as display of products, ads inform of banners, posters, packaging etc in an active manner where group of firms try their best to motivate the customers to come out, move around and fall into a store. And for this greater convenience, sense of security, ambience and being welcomed by the stores in the market place have to be promoted in this endeavor this is an herculean task for small size store owners alone. This can be achieved only by their mutual collective effort and act as a pressure group to pressurize public institution to play their due role in this regard . In this study this aspect has been examined and it is found that market exposure (atmosphere design) has a great role in making advertisements for better positioning and mind share of the customers than simply store design. Therefore advertising managers should explore this aspect of marketing opportunities in their favor by accommodating this fact in their advertising campaign.

Theme of the present research:

From the different studies and other sources it is found that marketers are putting their effort on store designing which is fully based on within the store that is store decoration where more designing in the inside store but what is actually theme which the researcher try to analyzed that the outside decoration of the store. Same type of research has been conducted by the researcher where retailing concept has been implemented but not in full flage application. So this is another attempt of the same theme but the difference is the place where the retail concept has been fully applied and the high cultural and socio-economic diversification. That is Bhubaneswar city in Orissa. In this particular all the major retailers are functioning like pantaloon, reliance, big- bazaar, vishal, the world etc. but it is found from the different store location that all the store has been set up in the centre of the market and here also we did not

find any importance in the store atmosphere but store design concept has been fully applied. So the present study try to investigate is another any concept within the consumer mind regarding market exposure (atmosphere design). If it is true so what is there preference level towards these new concept and their opinion regarding this.

Statement of the problem:

Going through the reach literature review and searching information from different sources, it clearly comes out that revolution of retailing emphasized the store exposure (design) concept that is designing the stores and its interior decoration inside the store but there is still little application of market exposure (atmosphere design) that outside environment of the store and market space when consumer get first interaction. In this sense the present study try to analyze the importance of market exposure (atmosphere design) to change the behavioral pattern of consumers and how its enhance the effectiveness of advertising campaign and also examined apart from the store exposure, the impact of marketing exposure on advertising effectiveness. And is it equally effective promotional strategy with respects to VALs system of consumers.

Methodology of the study:

The study based on primary data and the data have been collected by using schedule. For the study we have consider a region i.e. Bhubaneswar City in Orissa. This is important to say that this region is both fully exposed by the heavy commercial and industrial life and carrying highly modern cultural atmosphere. But the region has its unique characteristics and identity in the socio-cultural ground i.e. modern cultural but traditional theme in mind. The data collected by using random sampling method. (Kavita.G, 2009 and Anandan& Madhu, 2007). Though the study specifically highlights the importance of store and market exposure (atmosphere design) concept and their effectiveness so for the collection of data we preferred near to the retail outlet and market complex. For the analysis of the data chi-square and multiple regression techniques have been used. Whole analysis we have considered the result is statistically significant at .05 or 5% level which minimize the chance of independent.

Review of literature:

In the present market there is a debate that persuasion and attitude changes are not always the right direction to measure the effectiveness. When the debate is going on regarding this issue at that time one important angle come out from the Krugman (1984) suggestion. He stated that exposure to advertising is enough to persuasion on that basis Petty and Cacioppo (1986) found that amongst those with low motivational towards a market, repetition of a message from a credible source is more efficacious than the persuasiveness of the message. In other sense social class is used as effective market segment variables. It is measured by a

weighted index of several demographic variables, such as education, occupation and income. The concept of social class implies a hierarchy in which individuals in the same class have the same degree of status, while members of other classes have either higher or lower status. Social class has a significant role to create positive as well as negative attitude towards advertising. Economic factors also have a vital role in formation of attitude toward advertisement. Social and economic factors both jointly increase the value and life style of consumers, which enhance the involvement of consumers to advertisements. Both education and income have been found a significant relationship toward socio-economic aspect of advertising. (Shavitt, Lowery and Hafner, 1998). It is also indicated that cultural and social groups of middle and lower class have particular liking for advertisements using local images, local values and lifestyle and local natural as well as social layouts in the background of the ad copy which have profound impact on their imagination, interest and preferences. So from the discussion it comes out that for changing the value and lifestyle of the consumers socio-cultural and economic factors have a major role and at the same time there is relationship with the success of effective advertising. Another aspect of effectiveness of advertising that is the role of different media and their engagement towards the consumers like in case of print media it is found that recognition level is much more higher than recall. In a study Thorson and Friestad (1989) addressed the issue of recall and emotional advertising based on a large sample of television commercial; they concluded that greater the emotional intensity in a television commercial, the more likely recall was to be higher. Thorson (1991) noted also that the intensity of consumers' emotional responses influenced attention, advertising and brand liking. Ambler and Burne (1999) also found that affect (emotions) enhances long-term memory of the television commercials and advertising with the high effective components have better recall following a single presentation. Hazlet (1999) reaches a similar conclusion and report that commercials that arouse greater emotional response tend to show higher recall for the brands in the commercials. Van Raaij, (1989) proved that when attention is evoked by positive emotional reaction, it leads to further focusing and learning about the brand benefits and possibly, acceptance of the advertisement's message. In the same way Heath and Nairn (2005) proved that in case of low-involvement products, attention together with pleasure feelings can immediately lead to acceptance of the message without explicit learning. From the above discussion it is clear that emotion and recall are interconnected and the emotional content in well executed commercial can actually boost recall. though it was found from the different studies television commercial play major part to delivered emotional contents ads in this sense from these above opinion it is found that television is an important exposure to judge the interest level as well as the attitude towards advertising in consumer and this evidence help us to determine the important components of ads to test the recall. In a joint study by Cook and Kover (2006) using two approaches, namely theoretical and applied, have defined the ad effectiveness in two different ways. In one it has been emphasized the features of ad

like length, structure of language used in the ad copy, headlines and the exotic aspect of the same has the role in creating ad effectiveness. On the other side it is assumed that effectiveness cannot be measured in disintegrated form as before rather than the wholesome impact of an ad matters more. Another study by Woodside (1996) and his study was first assessing the linkage advertising effects and he found that the notion of linkage advertising causing changing the customer cognition, affection, purchase and consumption behavior of consumers are not well known and the author suggest that advertising components should be allotted properly for creating and sustaining direct link with customers. One study by Malviya (2007) on the moderating role of advertising context on ad repetition effect: the role of elaboration. The author investigated that the influence of elaboration in ads on the repetition effect. The research found positive effect of elaboration in ads on the effect of ads repetition and its message. Yet another comparative study found between the image and direct response of advertising and its importance for consumer response. The study found that in advertisement, the consumer get motivation in image. It conveys to the potential consumer a mood or feeling that may motivate them to respond and also to create a flow of information for doing so. The advertiser makes the design of an ad with appropriate color format that generate interest to the consumers mind and create more attention about the advertisement. So from their study they have proved the image within the ads is more important than direct response advertisement to motivate the consumer. Same study by Woodside (1998) to find out the impact of consumer response on ad when it placed with picture. The study indicates that demonstration of an advertisement is an important task if it communicates the information in predictable way than the ads should be more effective with picture rather than alphabetical writings. Because picture based statement goes well beyond resemblance to an object and the results also states that pictures are nearly an environmental analog or a sensory stimulus of an object and this sensory stimulus also affects the consumers' state of mind. From the discussion above we got the idea how different types of media play their role in advertising and how the different components of ads like color in ads, picture in ads help the consumers to change the positive attitude. In the present study we are also using the same media and same component to find out the consumer response and their liking that will help us to evaluate the effectiveness of advertising.

Results and discussion:

Table -1

Exposure components	Overall Awareness	Chi-square calculated value	df	P-value
Print media exposure	Awareness	13.345	4	.032
Television exposure	Awareness	46.423	4	.000
Market exposure (atmosphere design)	Awareness	12.135	4	.019
Store exposure (design)	Awareness	9.785	4	.086

(Source- primary data) ($p < 0.05$ is significant, $p > 0.05$ is insignificant)

The ultimate criterion of effectiveness is, of course, increased sales; but sale is an ultimate outcome, and a result of either change in consumer awareness, knowledge of the product, or a change in his attitude, or the development of the certain motivating factors. Favorable consumer responses- behavioral, psychological or verbal- are employed as measurements of advertisement effectiveness. After being exposed to an advertisement through different media, visit local market, market exposure (atmosphere design) and buy or use of product increase behavioral response of consumer which also increase the consumer awareness (Chunawala, 2007). In this respect we are trying to find out the role of different components of exposure and their impact over awareness. From the results it is revealed that print exposure, television exposure, market exposure (atmosphere design) are significantly associated with the overall awareness level of the respondents. But from the results it was found that print exposure, television exposure and market exposure (atmosphere design) have positive and significant association to create awareness of the respondents. However, the print media has a crucial role to supply detailed information about product (Wells, 2004). The same way when we see the result of television exposure, it is low attention processing media and creates emotional appeal in ads. Market exposure (atmosphere design) act as a complementary elements of print and television and act as a reminder to stimulate immediate response towards products and ads which increase top of mind awareness of consumer (Batra, 1995, Bressoud; Lehu & Russel, 2010). The results also support this statement and established significance relationship between market exposure (atmosphere design) and awareness. If we look out the other component i.e the store exposure (design) do not have positive association with awareness. So from the result above it can say that the print, television and market exposure (atmosphere design) are the most important components of advertising exposure (source) which has a significant role to create awareness within the consumers mind in the present study and the region of our interest. But store exposure (design) do not have any significant impact.

Table -2

Test of association between different components of exposure (medium) and different categories population classification.

Population classification	Print exposure	Television exposure	Market exposure (atmosphere design)	Store exposure (design)
	p-value	p-value	p-value	p-value
Gender (male and female)	.030	.625	.000	.037
Age (below 15, 15-30, 30-45, 45 and above)	.015	.393	.000	.050
Occupational status (unemployment, self employed, employed)	.000	.459	.043	.015

(Source- primary data) ($P < .05$ significant, $P > .05$ insignificant)

The result indicates that print, market and store exposure (design) are significantly associated with different categories of respondents except region wise classification of the respondents. So from the result it is established that print, market and store exposures are the most important media of exposure among different classes of respondents where consumers are more exposed (supporting study Khoj, 2007 & Zebian, 2006). From the results it is clear than like store exposure (design) market exposure (atmosphere design) also have positive association among different categories of respondents.

Table -3

Test of association between components of exposure (medium) with components of awareness

Exposure components	Awareness components			
	Brand	Price	Packaging	Quality
Print exposure	.000	.120	.021	.736
TV exposure	.040	.000	.030	.077
Market exposure (atmosphere design)	.030	.097	.043	.077
Store exposure (design)	.612	.149	.618	.327

(Source- primary data) ($P < .05$ significant, $P > .05$ insignificant)

In the present study the researchers have considered brand, price, packaging and quality as a parameter which represents the components of awareness. It was found that print exposure has a significant relationship with brand and packaging (the p value are 0.000 in brand and 0.021 in packaging). In case of television exposure it is found significant difference with packaging and brand. In the same way market exposure (atmosphere design) also significantly associated with brand and packaging. In the same way with other component of exposure i.e. store exposure (design) the results did not find any significant relationship with the components of awareness. In case of market exposure (atmosphere design) marketers design different kinds of product display outside the store in such a way which attract customer attention and create a personality toward product that increase the brand loyalty of consumers mind (Maclin, 2007., Gerba, 2006., Internet Retailer, 2006., Canning, 2006 and Neff, 2007). but the above result clearly stated that there is no such impact within the consumer mind regarding store exposure (design). So the major conclusion in the above discussion is that TV is more effective media than other media at generating awareness and also generating familiarity towards products (Lodish & Krieger, 2007.). Interestingly print appears to be the most effective at generating familiarity and purchase intent which is also found and supported

by one recent study by Joel Robinson, (2009). At the same time market exposure (atmosphere design) i.e. market environment around the store play a crucial role to create awareness of the customers.

Table -4

Regression Co-efficient of Components of Exposure on Exposure Level of Respondents

Different components of exposures			
	Std B- value	t-value	Sig
Print exposure	.198	7.203	.000
Television exposure	.171	4.546	.000
Market exposure (atmosphere design)	.488	11.321	.000
Store exposure (design)	.289	8.593	.000

(Source- primary data)

The table above determines the relative importance of each variable in the model, testing components of exposure and their contribution in raising overall level of exposure of respondents through the measure of t statistics. We find significant difference with respect to exposure and its components. From the results it reveals that among all components market, store and print exposure are the most contributing elements where the t value are 11.321, 8.593 & 7.203 respectively. But marketing exposure is the major contributor among other three of exposure.

Table -5

Regression Coefficients of Components of Exposure on Exposure Level of Respondents [Category-Occupation Wise]

Components of ad exposure	Unemployed			Self employed			Employed		
	std B-value	t-value	Sig	Std B-value	t-value	Sig	Std B-value	t-value	Sig
Print exposure	.247	5.149	.000	.135	2.898	.004	.157	2.941	.004
TV exposure	.094	1.995	.048	.143	3.055	.003	.209	3.811	.000
Market exposure (atmosphere design)	.322	5.126	.000	.525	8.725	.000	.275	3.398	.001
Store exposure (design)	.418	6.701	.000	.314	5.212	.000	.415	5.101	.000

(Source- primary data)

The table above found that the coefficient of individual component of exposure and their impact with overall exposure with relation to different occupational status of the respondents' i.e. unemployed self employed and employed. From the results it is found that in case of unemployed store exposure (design) and market exposure (atmosphere design) (B value .418, .322) are the highest contributing factors of the model regarding unemployment group but lowest contribution found from television exposure but in model it does not have any significant impact. In case of self employed we found market exposure (atmosphere design) and store exposure (design) are the highest contributing elements (B value .525 and .314). When we see the results of employed group, it is found that store and market exposure (atmosphere design) create more impact on the model but less contribution found from print exposure.

Table -6

Regression Coefficients of Components of Exposure on Exposure Level of Respondents [Category-Gender]

Gender	Male			Female		
Exposure components	B-value	t-value	Sig	B-value	t-value	Sig
Print exposure	.168	5.162	.000	.241	4.950	.000
Television exposure	.152	4.682	.000	.053	1.080	.282
Market exposure (atmosphere design)	.481	9.866	.000	.301	4.777	.000
Store exposure (design)	.316	6.445	.000	.420	6.761	.000

(Source- primary data)

The table above states that the coefficient of independent variables (components of exposure) and their impact over the dependent variable regarding overall exposure level among male and female groups. From the data it is clear that in respect of male, market exposure (atmosphere design) and store exposure (design) (B value .481 and .361) are the highest contributing elements of the model.

In the same way with female, store exposure (design) and market exposure (atmosphere design) (B value .420 and .301) are the highest contributing factors in the dependent variable, unit change in these variables have a large effect on dependent variable (Yim, Yoo & Eastin, 2010). The table above also shows there is a difference in contribution of components of exposure in male and female category.

Conclusions:

The results of the study delineate that all the exposure (medium) play significant role in creating awareness in the mind of respondents. But the actual enquiries are that though concepts of organized retailing solve the problem of store design and store decoration. The present study also proved its significance. But the concept of market exposure (atmosphere design) still is in question. Means store design is necessary but market exposure (atmosphere design) that is designing the market environment/ atmosphere in such way where consumer feel comfortable before entering into the store to purchase. As we know consumer like something which they feel perceptually good rather than actual message. So before entering the store, if designs of market make them comfortable so there is an intention of more involvement towards purchasing habit. The result depicts that print exposure, store exposure (design) market exposure (atmosphere design) are the major components of exposure where the consumers are exposed more in the mega city also (Bhubaneswar). The result also supports the same in different classes of respondents. In addition, it was found that the television exposure also plays a vital role in positioning the impressions in the mind of consumers basically those who belong from rural classes (S.S.: Surendar, 1999). It suggests that if advertisers are able to design their market in a way which can increase the movability of the consumers in different markets to select their products it should be effective components of exposure than store design. If advertiser or manufacturer apply some motivational tools in market designing like promotion of market, available space in front of store, availability of product display in the outside market, designing of specific components of ads in market would be of great helping hand in this regard. (S.S.: Well, 1964., Copland, 1988., Lucas & Britt, 1963., Haskin, 1964 and Bagozzi & Silk).

Suggestions:

Based on the result we can suggest that apart from traditional media, there is an ample scope for the advertiser to increase the exposure level of the respondents through market exposure (atmosphere design) where all the categories of respondent are more exposed by supplying better store exposure (design) and marketing infrastructure and ambient marketing atmosphere to motivate people to come out and move around not simply under the compulsion rather for recreation and enjoyment. So, we can strongly put our opinion that if advertisers increase their concentration to market development including the convenience and ambience besides congenial atmosphere to move around in the market place then it will itself be proven as important advertisement media and supportive agent to enhance ad effectiveness itself by increasing quality and intensity of exposure rather than only considering the store design.

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Openness: Foreign Investment and Growth

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Abstract

The economic crises in 2008 in USA crossed the border and affect the globe. This crisis raised a number of questions regarding the interdependence of economies, more particularly the opening of economies of developing countries. The interactions and linkages of financial markets have led to breakdown of the financial system and economies of these countries. Foreign Capital Inflow in recent years has been preferred as a major source of external finance as they are non-levered-creating and less-volatile in nature. FDIs are associated with international trade and transfer of knowledge, skills, technology manpower and culture etc. Flls, which refer to capital flows across national borders through capital market of a country, have risen sharply across the world and in India specifically since 1992. At present there exist widespread apprehensions regarding the nature and extent of FDI and Fll flows to India. This paper analyzes the relationship between the Foreign Capital Inflow and some index of growth in economy such as; Capital market indices of the Indian stock market, export and oil import over a period of 10 years (from 2000 to 2009).

Introduction

The economy of a country is affected by several factors like infrastructure development, industrialization, agricultural activities, education level of its people and etc. It is obvious that a country's development is essentially reflected with the development of the aforesaid areas. But to fuel the growth, a country needs heavy amount of capital to invest in different sectors. Capital scarcity is a major problem in most of the developing countries including India. It is because the levels of income generation in developing country is low, which results in low level of savings as compared to developed countries, leads to low capital formation. As a result the economic development of the developing country is not witnessed well. Two alternatives are available to overcome this barrier; one is debt financing, which is inherently limited for a country which is already in the vicious trap of low capital. The other alternative is allowing flow of foreign capital through foreign investors to invest in the country. It will

come to a country by two means: Foreign direct investment (FDI) and foreign institutional investment (FII). Seeking to simplify procedures and put in place uniform norms for foreign portfolio investors, Mr. Chidambaram said: "In order to remove the ambiguity that prevails on what is FDI and what is FII, I propose to follow the international practice and lay down a broad principle that, where an investor has a stake of 10 per cent or less in a company, it will be treated as FII and, where an investor has a stake of more than 10 per cent, it will be treated as FDI." (THE HINDU New Delhi, February 28, 2013). Theoretically FDI is a medium to long-term investment which is a major source of production. FII is a short-term investment, mostly directed towards financial markets. FII may have a bidirectional relation with the domestic financial markets of a country be it the money market, foreign exchange market or the stock market.

Concentrating on Indian scenario, it had decided to liberalize through its Liberalization, Privatization and Globalization (LPG) policies, and implemented the same during the 1990s. From September 14, 1992, India allowed Foreign Institutional Investors' (FIIs) investments by which foreign investors could invest directly in the financial markets in India. As a result of which, India started witnessing faster development of the financial market, and also its impact is visible on the growth in its economy. Allowing foreign individuals and institutions to invest directly in the financial market has its own advantages and limitations. A developing country like India can attract FII only when it gives an attractive return on their investment. If it gives such a return, it will create a reputation for its financial market in terms of activities, and consequently, more foreign investors will be attracted to bring in funds into the financial market, as a result of which, the market would grow well. Besides that this bullish behavior of the market would also attract the domestic investors to actively participate and the economy growth will be accentuated.

Literature Review

There exist a large number of research studies with respect to the impact of FIIs on the stock market index as well as on macroeconomic parameters as an indicator of economic growth. Some of the studies have been carried out to find a causal relationship between foreign capital inflows and fluctuations in domestic stock market vis-à-vis growth.

Kishore C. Samal (1997) conducted a study on the consequent problem due to the hot money movement by FIIs and concluded that there was a steady integration of the Indian stock market with the global market. **Parthapratiim Pal (1998)** suggested that inflow of FIIs has failed to strengthen the stock market, and his study did not support the view that FIIs inflows leads to economic development in India. **K. S. Chalapati Rao et.al., (1999)** found

that net FII investments influence stock prices in India as it traces the relationship to the sectoral level and the heavy emphasis on computer software and consumer goods was observed in the Indian stock market for the period from 1994-99.

Pethe and Karnik (2000) in their study attempted to analyze how the stock market indices are affected by macroeconomic variables in India. In their study, they ran causality tests in an error correction framework on non-co-integrated variables. The study found a weak causality running from IIP to share price index (Sensex and Nifty). They held the view that the state of the economy affects stock prices.

Chakrabarti (2001) has observed that foreign institutional investors and domestic investors are at par with each other as far as the access to knowledge is concerned in the Indian markets. He has taken a monthly data set for the period May 1993 to December 1999 and found that FII net inflows are the effect of the Indian stock market returns rather than the cause of returns. On the contrary, **Mukherjee, Bose and Coondoo (2002)** suggest that FII flows to and from the Indian market are caused by returns in the domestic equity market.

Bhattacharya and Mukherjee (2002) in their study used the Granger causality test to examine the causal relationships between Sensex and five macroeconomic variables such as Inflation, IIP, Interest Rate, National Income, and Money Supply for the period from 1992-93 to 2000-01. From their study, they found that IIP affects the fluctuations in the Sensex and there exists a bi-directional causality between the Rate of inflation and the Sensex.

Further, **Bose and Coondoo (2004)** have found evidence of bi-directional causality between returns on the BSE stock index and FII net inflows. According to them, this causality is due to increase in FII inflows caused by an upsurge in global equity markets.

Sharma and Singh (2007) examined the significance of the variables like Foreign Exchange Reserves, Claims on the Private Sector, Wholesale Price Index, Call Money Rate, Index Of Industrial Production, Exchange Rate and Broad Money on the Sensex. They used the monthly data horizon from April 1986 to March 2005. In their study, they used multiple regression analysis. From their study, they found that variables like IIP, Foreign Exchange Reserve, claims on the Private Sector, Exchange Rate and Money Supply had a considerable influence on the stock market movement. Very few variables like Interest Rate and Wholesale Price Index showed a very negligible influence on the stock market.

Padhan, (2007) and this can be an eye-opener for policymakers and regulators to understand the balancing act for developing economic activity and at the same time, controlling foreign institutional investment into the Indian stock market.

Kanakaraj et al. (2008) examined the trend of the stock prices and the various macroeconomic variables for the time horizon from the year 1997 to 2007. In their study, they said that the boom in stock market for the period from 2003 to 2007 can be explained in terms of macroeconomic fundamentals.

Nidheesh (2008) studied the impact of foreign institutional investment in India and its impact on the BSE and NSE and also addressed various issues. In his research, he observed that the FIIs have been significant in bringing about an the improvement in the trade practices of the stock market since liberalization, but at the same time, this advantage turns into a disadvantage in terms of destabilization of the market because of the trading pattern of FIIs in India.

Rajkumar and Gupta (2010) also found from their empirical study that FIIs affect the Indian market for their own interest and returns and the risk in international markets are the two major driving factors for the inflow of FIIs into India.

Singh (2011) attempted to explore the causal relationship between stock market indices and three macroeconomic variables of the Indian economy - Index of Industrial Product (IIP), Wholesale Price Index (WPI) and Exchange Rate. In his study, the researcher found that Indian stock market was approaching towards informational efficiency at least with respect to two macroeconomic variables such as Exchange Rate and Inflation.

Gupta (2011) rightly observed that whereas the boom in the capital markets could only be possible because of the FIIs, nevertheless, the crash of the capital markets is also attributed to the sudden withdrawal by this category of investors.

Scope of the study

All the above studies considered different time periods with different dimensions of FII by taking a shorter or a longer period. But no attempt was made to study the impact of FII as well as FDI on the movement of Indian stock market comprehensively. This study attempts to take a look at the relationship between Foreign Capital Inflow and the Indian stock market in terms of movement of the index.

The impact of the Foreign Capital Inflow may be a factor responsible for strengthening of the capital market of a country. But the capital market itself not sufficient to represent the growth of economic condition of a country. The economic growth of a country may be witnessed from its increasing export and decreasing import. From the Indian point of view, the researcher has considered increase in oil import as one of the factor for growth. Whether these flows have had a favourable impact on the capital market, export and oil import, namely positive

impact would be a main question to be answered. This study intends to assess the impact of FIIs and FDIs in terms of overall changes in economic condition of a country.

OBJECTIVES & METHODOLOGY

Objectives of the study

To find out that openness of the economy has stimulated growth economy.

Methodology

The study is designed to measure the impact of economic openness of a country on its growth. It is an analytical research work using the available information to arrive at a conclusion. Foreign capital inflows are directed towards a wide variety of companies. The relation between foreign capital inflow (FII and FDI) and the behavior Indian financial market, export and import was taken care of to realize the growth trend. The data for the study collected from secondary source like web site of RBI, BSE, SEBI and money control.com. Yearly Foreign capital inflows net inflows, the closing data of each index and export import are taken as the three key variables. Correlation is performed to analyze the relationship between the Foreign capital inflows with each of the indices. The stock market data is of secondary in nature and has been taken from the BSE, SEBI website. The Foreign capital inflows are taken from the website of RBI.

The BSE Sensex is also alternatively known as BSE 30. It is a free-float market capitalization-weighted index of 30 well-established and financially sound companies listed on Bombay Stock Exchange. These companies are representative of various industrial sectors of the Indian economy. The Sensex is regarded as the pulse of domestic stock markets in India and is being published since 1 January 1986.

On 9 August 1999, Bombay Stock Exchange Limited constructed a new index named as BSE-500. BSE-500 index represents nearly 93 per cent of total market capitalization on BSE. BSE-500 covers all major industries of the economy.

Sample

The data covers the movement in three major indexes of BSE, Export, import and foreign capital inflow. The 3 indexes were SENSEX, BSE 100 and BSE 500. Further the export

import data and foreign capital inflow was collected for a period of ten year represented in Indian Rupee. Period of the study was 10 years which includes data from 2000 to 2009.

Discussions

The study is designed to establish the relationship between economic openness and the growth of economy. The economic growth of a country may be visualized from the behavior of capital market index and balanced of payment. In balanced of payment, the researchers have examined only oil imports and total export in this paper. The growth in these indicators may be regarded as the growth in economy. To justify the above mention specific objectives the researchers have set the following alternate hypothesis.

H_a 1: There is a positive relationship between FDI and growth of index.

H_a 2: There is a positive relationship between FII and growth of index.

H_a 3: There is a positive relationship between net foreign investment and growth of index.

H_a 4: There is a positive relationship between foreign capital inflow and Oil Import.

H_a 5: There is a positive relationship between foreign capital inflow and export.

Limitations

The study basically relied upon secondary source of data which was publically available. Further, it was considered less number of growth indicators to prove its objectives.

ANALYSIS OF EMPIRICAL DATA

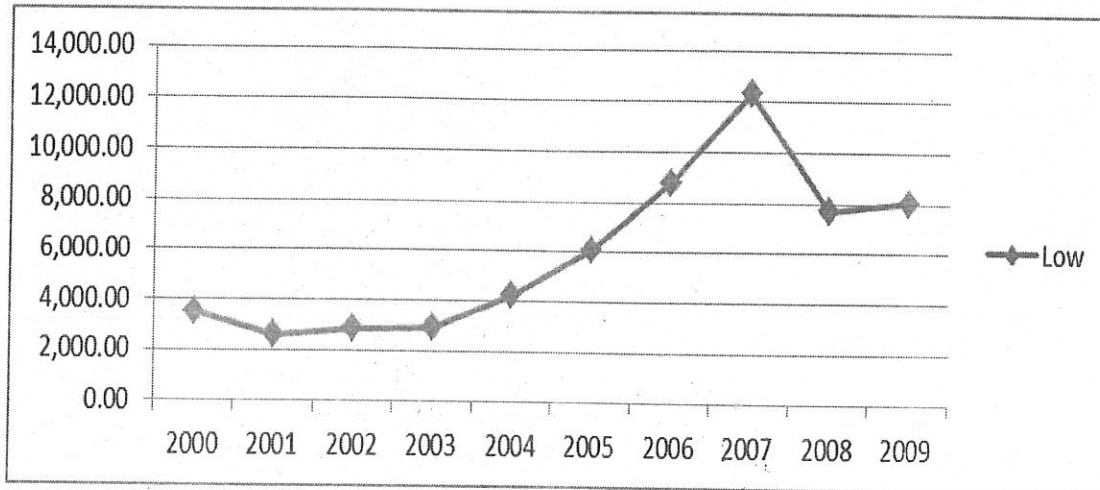
Table – 1: Details of Sensex (BSE-30) Index during Period Year 2000 to year 2009

**Values in BSE Points*

Year	Open	High	Low	Close	Price/ Earnings	Price/Book Value	Dividend Yield
2000	5,209.54	6,150.69	3,491.55	3,972.12	24.48	3.81	1.14
2001	3,990.65	4,462.11	2,594.87	3,262.33	17.60	2.51	1.83
2002	3,262.01	3,758.27	2,828.48	3,377.28	15.22	2.30	2.14
2003	3,383.85	5,920.76	2,904.44	5,838.96	15.02	2.49	2.14
2004	5,872.48	6,617.15	4,227.50	6,602.69	17.26	3.28	2.01
2005	6,626.49	9,442.98	6,069.33	9,397.93	16.21	3.94	1.58
2006	9,422.49	14,035.30	8,799.01	13,786.91	20.18	4.75	1.35
2007	13,827.77	20,498.11	12,316.10	20,286.99	22.25	5.32	1.10
2008	20,325.27	21,206.77	7,697.39	9,647.31	18.22	4.20	1.29
2009	9,720.55	17,530.94	8,047.17	17,464.81	18.08	3.42	1.43

Source: www.bse.com

Figure-1: Trend of Sensex (BSE 30) Index during Period Year 2000 to year 2009



Sources: Plotted from the data in the Table -1

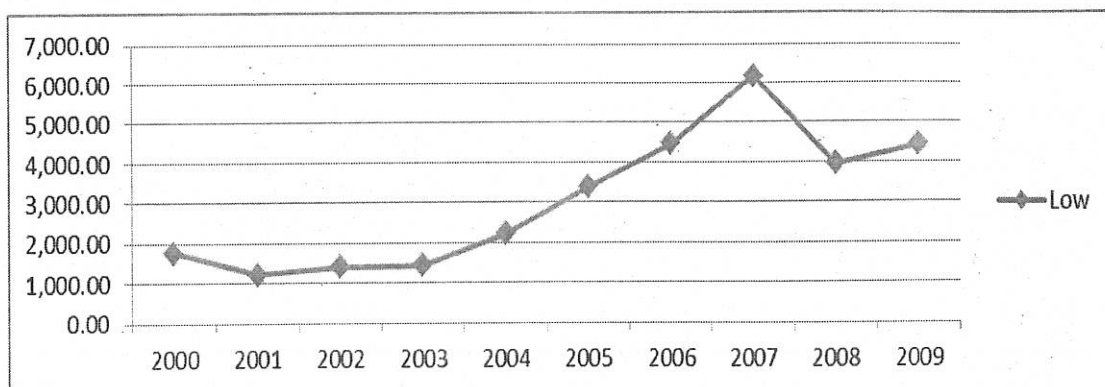
Table – 2: Details of BSE-100 Index during Period Year 2000 to year 2009

*Values in BSE Points

Year	Open	High	Low	Close	Price/ Earnings	Price/Book value	Dividend Yield
2000	2,734.29	3,906.41	1,759.72	2,032.20	27.16	2.96	1.11
2001	2,042.15	2,302.92	1,209.93	1,557.22	17.30	1.89	1.83
2002	1,557.37	1,813.25	1,411.32	1,664.67	13.10	1.70	2.71
2003	1,668.05	3,111.49	1,446.52	3,074.87	13.11	2.17	2.72
2004	3,089.58	3,589.26	2,226.36	3,580.34	14.72	2.90	2.30
2005	3,593.58	4,976.02	3,369.37	4,953.28	14.22	3.39	1.80
2006	4,964.64	7,106.59	4,471.51	6,982.56	18.84	4.10	1.44
2007	6,999.70	11,209.18	6,183.89	11,154.28	21.38	5.06	1.04
2008	11,186.45	11,655.91	3,949.13	4,988.04	18.99	4.15	1.21
2009	5,021.58	9,268.47	4,422.83	9,229.71	19.53	3.36	1.21

Source: www.bse.com

Figure-2: Trend of BSE 100 Index during Period Year 2000 to year 2009

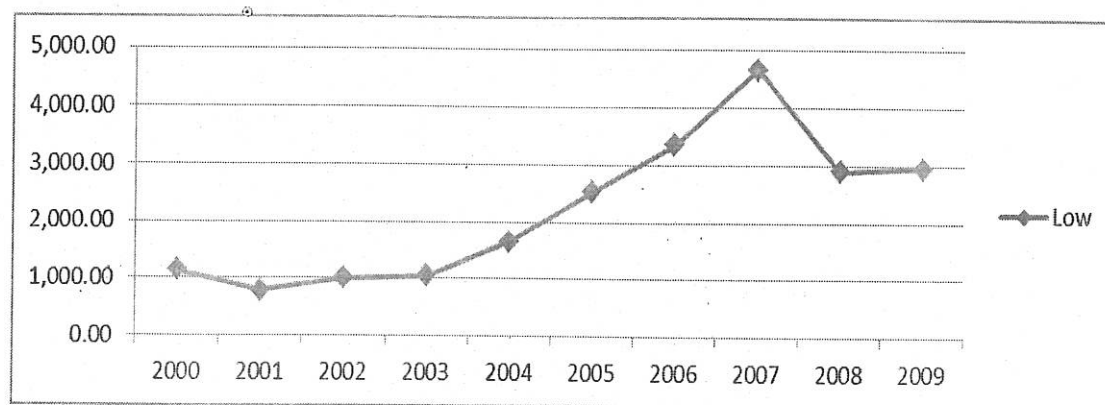


Sources: Plotted from the data in the Table -2

Table – 3: Details of BSE-500 Index during Period Year 2000 to year 2009

**Values in BSE Points*

Year	Open	High	Low	Close	Price/ Earnings	Price/Book value	Dividend Yield
2000	1,856.69	2,485.87	1,136.71	1,304.66	0.00	0.00	0.00
2001	1,310.04	1,480.99	788.51	1,005.82	0.00	0.00	0.00
2002	1,006.48	1,230.53	999.84	1,176.73	0.00	0.00	0.00
2003	1,178.71	2,401.09	1,051.60	3,366.36	0.00	0.00	0.00
2004	2,376.01	2,784.18	1,659.74	2,779.65	0.00	0.00	0.00
2005	2,791.56	3,806.22	2,534.85	3,795.96	0.00	0.00	0.00
2006	3,803.63	5,354.58	3,360.85	5,270.76	0.00	0.00	0.00
2007	5,269.98	8,616.65	4,656.90	8,592.43	5.59	1.29	0.17
2008	8,620.10	8,991.42	2,899.28	3,596.85	18.06	3.98	1.20
2009	3,618.00	6,872.18	2,961.26	6,842.25	18.11	3.02	1.36

Figure-3: Trend of BSE 500 Index during Period Year 2000 to year 2009

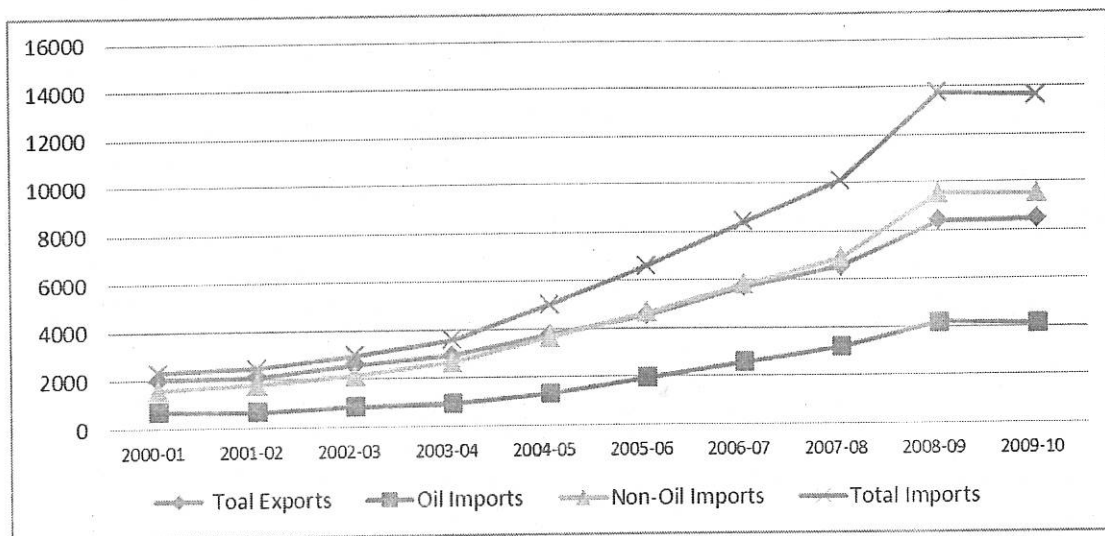
Sources: *Plotted from the data in the Table -3*

Table-1, Table-2 and Table-3 as well as Figure-1, Figure-2 and Figure-3 represents the BSE index movement over the period 2000-2009. It was clear that the Indian capital market has shown an increasing trend over the period of study. A detail analysis of the movement disclosed that the capital market was bullish up to 2007 but in the year 2008 it was bearish movement because of economic meltdown of world economy. Further, it was limping back to bullish in the subsequent periods.

Table – 4: Details of Export and Import during Period Year 2000 to year 2009

Year	Exports			Imports		
	Oil	Non-Oil	Total	Oil	Non-Oil	Total
2000-01	85.42	1950.29	2035.71	714.97	1593.76	2308.73
2001-02	101.07	1989.11	2090.18	667.70	1784.30	2452.00
2002-03	124.69	2426.68	2551.37	853.67	2118.39	2972.06
2003-04	163.97	2769.69	2933.67	945.20	2645.88	3591.08
2004-05	314.04	3439.35	3753.40	1340.94	3669.71	5010.65
2005-06	515.33	4048.85	4564.18	1946.40	4657.69	6604.09
2006-07	845.20	4872.59	5717.79	2585.72	5819.35	8405.06
2007-08	1141.92	5416.72	6558.64	3206.55	6916.57	10123.12
2008-09	1233.98	7173.57	8407.55	4199.68	9544.68	13744.36
2009-10	1328.99	7126.35	8455.34	4116.49	9520.87	13637.36

Sources: *Hand book of statistics RBI 2012-13*

Figure-4: Trend of Export and Import during Period Year 2000 to year 2009

Sources: Plotted from the data in the Table -4

Table -4 and corresponding figure discloses the details of export and import over the period 2000 to 2009. The total import to India was higher than total export from India every year. Further, it was observed that non-Oil Imports were higher than Oil Imports made by India. From the year 2000 to 2004, total export was higher than non-Oil Import but from 2005 the non-Oil Import surpasses the total export.

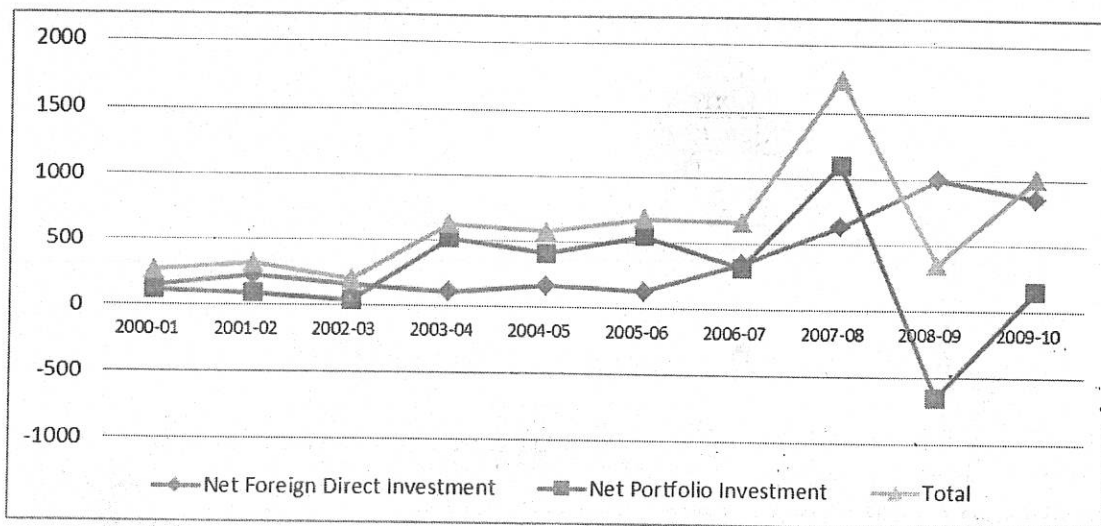
Table – 5: Details of Foreign Capital in and out flow during Period Year 2000 to year 2009

Values in Rupees Billion

Year	Gross Investments	Repatriation/Disinvestment	Direct Investment	FDI by India	FDI	Net Portfolio Investment	Total
2000-01	184.04	0.00	184.04	34.80	149.24	118.20	267.44
2001-02	292.69	0.24	292.45	66.15	226.30	92.90	319.20
2002-03	246.81	2.84	243.97	88.03	155.94	45.04	200.98
2003-04	198.30	0.00	198.30	88.86	109.44	518.98	628.42
2004-05	272.34	2.87	269.47	102.02	167.45	413.12	580.57
2005-06	397.30	2.73	394.57	260.32	134.25	553.57	687.82
2006-07	1030.37	3.85	1026.52	677.42	349.10	318.81	667.91
2007-08	1398.85	4.65	1394.20	756.44	637.76	1106.19	1743.95
2008-09	1914.00	8.00	1906.00	905.00	1001.00	-650.00	351.00
2009-10	1796.00	218.00	1578.00	718.00	860.00	154.00	1014.00

Sources: Hand book of statistics RBI 2012-13

Figure-5: Trend of Foreign Capital, FDI and FPI inflow during Period Year 2000 to year 2009



Sources: *Plotted from the data in the Table -5*

Tbale-5 and figure -5 discloses the foreign capital inflow to India out flow from India. It was clear from the table and graphs that there was a similar trend observed in case of total foreign capital inflow and portfolio inflow. Both these inflows increases year over year up to 2007. There was a heavy decline in 2008 in the inflow of both total foreign capital inflow and portfolio inflow whereas year 2009 has witnessed a further increase in the same. The FDI has shown a clear increasing trend over the study period. From the year 2000 to 2003 the FDI was more than the portfolio inflow to India whereas up to 2007 it was less than the portfolio inflow. But in 2008 and 2009 the FDI was more than the portfolio inflow and total foreign capital inflow.

Test of Hypothesis

To find out whether is there any relationship between foreign capital inflow and movement in Indian stock market, correlation between foreign capital inflow and different index of BSE was applied for the period of 10 years from 2000 to 2009.

H_a 1: *There is a positive relationship between FDI and growth of index.*

Table – 6: Correlation Result of Index Movement and FDI

Control Variables			BSE 30	BSE 100	BSE 500	FDI
-none- ^a	BSE 30	Correlation	1.000	.999	.986	.656
		Sign. (2-tailed)	.	.000	.000	.039
		Df	0	8	8	8
	BSE 100	Correlation	.999	1.000	.989	.647
		Sign. (2-tailed)	.000	.	.000	.043
		Df	8	0	8	8
	BSE 500	Correlation	.986	.989	1.000	.595
		Sign. (2-tailed)	.000	.000	.	.070
		Df	8	8	0	8
	FDI	Correlation	.656	.647	.595	1.000
		Sign. (2-tailed)	.039	.043	.070	.
		Df	8	8	8	0

a. Cells contain zero-order (Pearson) correlations. Sources: Compiled & Computed Data

Table-6 shows there have been positive correlation between FDI and BSE 30(0.656), FDI and BSE 100(0.647) and FDI and BSE 500 (0.595). This basically means that there was a strong association between FDI flow and growth of capital market as indicated by positive correlation. While testing the nature of relationship, the correlation is significant at the 5% level. So the hypothesis that there is a positive relationship between FDI and growth of index holds good.

H₂: There is a positive relationship between FII and growth of index.

Table – 7: Correlation Result of Index Movement and FII

Control Variables			BSE 30	BSE 100	BSE 500	FII
-none- ^a	BSE 30	Correlation	1.000	.999	.986	.414
		Sign. (2-tailed)	.	.000	.000	.234
		Df	0	8	8	8
	BSE 100	Correlation	.999	1.000	.989	.441
		Sign. (2-tailed)	.000	.	.000	.202
		Df	8	0	8	8
	BSE 500	Correlation	.986	.989	1.000	.503
		Sign. (2-tailed)	.000	.000	.	.138
		Df	8	8	0	8
	FII	Correlation	.414	.441	.503	1.000
		Sign. (2-tailed)	.234	.202	.138	.
		Df	8	8	8	0

a. Cells contain zero-order (Pearson) correlations. Sources: Compiled & Computed Data

Table-7 shows there have been positive correlation between FII and BSE 30(0.414), FDI and BSE 100(0.441) and FII and BSE 500 (0.503). This basically means that there was a strong relationship between FII flow and growth of capital market indicated by positive correlation. While testing the nature of relationship, the correlation is significant at the 1% level. So the hypothesis that there is a positive relationship between FII and growth of index holds good.

H_a3: *There is a positive relationship between FII and growth of index.*

Table – 8: Correlation Result of Index Movement and Net Foreign Investment

Control Variables	BSE 30	BSE 100	BSE 500
NET FOREIGN INVESTMENT			

Control Variables			BSE 30	BSE 100	BSE 500	NET FOREIGN INVESTMENT
-none- ^a	BSE 30	Correlation	1.000	.999	.986	.884
		Sign. (2-tailed)	.	.000	.000	.001
		Df	0	8	8	8
	BSE 100	Correlation	.999	1.000	.989	.903
		Sign. (2-tailed)	.000	.	.000	.000
		Df	8	0	8	8
	BSE 500	Correlation	.986	.989	1.000	.928
		Sign. (2-tailed)	.000	.000	.	.000
		Df	8	8	0	8
	NET FOREIGN INVESTMENT	Correlation	.884	.903	.928	1.000
		Sign. (2-tailed)	.001	.000	.000	.
		Df	8	8	8	0

a. Cells contain zero-order (Pearson) correlations. Sources: Compiled & Computed Data

It can be inferred from the Table – 8 that BSE 500 has a strong positive correlation with net foreign investment as compare to BSE 30 and BSE 100. This basically means that there was an impact of net foreign investment flow on growth of capital market indicated by positive correlation. While testing the nature of relationship, the correlation is significant at the 1% level. So the hypothesis that there is a positive relationship between net foreign investment and growth of index holds good.

H_a 4: *There is a positive relationship between foreign capital inflow and Oil Import.*

Table – 9: Correlation Result of FDI and Oil Imports

DETAILS		FDI	OIL IMPORT
FDI	Pearson Correlation	1	.934**
	Sig. (2-tailed)		.000
	N	10	10
OIL IMPORT	Pearson Correlation	.934**	1
	Sig. (2-tailed)	.000	
	N	10	10

****.** *Correlation is significant at the 0.01 level (2-tailed).*
Compiled & Computed Data

Sources:

Table-9 shows there have been positive correlation between FDI and oil import (0.934). This basically means that there was a strong association between FDI and oil import as indicated by positive correlation. While testing the nature of relationship, the correlation is significant at the 1% level. So the hypothesis that there is a positive relationship between FDI and oil import holds good.

H₅: *There is a positive relationship between foreign capital inflow and export.*

Table – 10: Correlation Result of FDI and Total Export

DETAILS		FDI	TOTAL EXPORTS
FDI	Pearson Correlation	1	.918**
	Sig. (2-tailed)		.000
	N	10	10
TOTAL EXPORTS	Pearson Correlation	.918**	1
	Sig. (2-tailed)	.000	
	N	10	10

****.** *Correlation is significant at the 0.01 level (2-tailed).*
Sources: Compiled & Computed Data

Table-10 shows there have been positive correlation between FDI and total export (0.918). This basically means that there was a strong association between FDI and total export as indicated by positive correlation. While testing the nature of relationship, the correlation is significant at the 1% level. So the hypothesis that there is a positive relationship between FDI and total export holds good.

FINDINGS AND CONCLUSION

This study highlights on 'openness' which is expected to have a positive relation on growth of Indian economy. It was observed from the above analysis that the all the five hypotheses are statistically accepted. The acceptance of hypothesis revealed that there may be a relationship between indicator of growth and openness. Thus it may be safely concluded that capital adequacies through foreign capital inflow in developing countries like India not only fulfill the capital need but also drives the growth cart.

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Women Entrepreneur Motivational factors, as Determinants of Entrepreneurship Challenges

Dr. Chitta Ranjan Mishra

Abstract

Women entrepreneurs have been making a significant impact in all segments of the economy in India, However, it is potentially empowering and liberating only if it provides women an opportunity to improve their well-being and enhance their capabilities. Woman constitutes the family, which leads to society and Nation. Social and economic development of women is necessary for overall economic development of any society or a country. Entrepreneurship is the state of mind which every woman has in her but has not been capitalized in India in way in which it should be. Due to change in environment, now people are more comfortable to accept leading role of women in our society, though there are some exceptions. Our increasing dependency on service sector has created many entrepreneurial opportunities especially for women where they can excel their skills with maintaining balance in their life. Motivation is the set of forces that initiate behavior and determine its form, direction, intensity and duration. Women are motivated into business by different factors. This paper looked at the relationship between motivations and entrepreneurial challenges among women entrepreneurs.

Keywords: Entrepreneurship development, Women entrepreneurs, motivation, challenges and feminism.

INTRODUCTION:

For the past couple of years entrepreneurship development is considered as the priority area in the development policy in many countries, especially in India. The young entrepreneurs are engaged in varied form of small and medium scale enterprises ranging from paper to electronics, engineering to electrical, textile to metal and pipe industry, construction to food processing, education to handicrafts. The interesting fact is that the entrepreneurial ventures are making provision of more business options not only for men, but also for women, especially in rural and semi urban areas. Considering this trend, a study is conducted to analyze, what exactly motivate women entrepreneurs to get into small and medium scale entrepreneurial ventures.

Entrepreneurship refers to the act of setting up a new business or reviving an existing business so as to take advantages from new opportunities. Thus, entrepreneurs shape the economy by creating new wealth and new jobs and by inventing new products and services. However, an insight study reveals that it is not about making money, having the greatest ideas, knowing the best sales pitch, applying the best marketing strategy. It is in reality an attitude to create something new and an activity which creates value in the entire social eco-system. It is the psyche makeup of a person. It is a state of mind, which develops naturally, based on his/ her surrounding and experiences, which makes him/ her think about life and career in a given way. The women have achieved immense development in their state of mind. With increase in dependency on service sector, many entrepreneurial opportunities. Especially for women have been created where they can excel their skills with maintaining balance in their life. Accordingly, during the last two decades, increasing numbers of Indian women have entered the field of entrepreneurship and also they are gradually changing the face of business of today, both literally and figuratively. The first part deals with a review of various research studies done on women entrepreneurship along with objectives and research methodologies.. The last part of this study includes the suggestive measures for eliminating and reducing the hurdles for the women entrepreneurship development in Indian context.

Concept of “Women” as an entrepreneur in India:

Entrepreneurship has gained currency across the sphere and female- entrepreneurship has become an important module. India is one of the fastest emerging economies and the importance of entrepreneurship is realized across the gamut. “Women entrepreneurship” means an act of business ownership and business creation that empowers women economically increases their economic strength as well as position in society. Women-entrepreneurs have been making a considerable impact in all most all the segments of the economy. “Women Entrepreneur” is a person who denies the role of their personal needs to participate and be accepted economically independent. Strong desire to do something positive is a high-quality women entrepreneur who contributes to the position values of family and social life. “An enterprise owned and controlled by a women having a minimum financial interest of 51% of capital and giving at least 51% of the employment generated by the enterprise to women.

According to **Kamala Singh**,” A women entrepreneur is a confident, innovative and creative woman capable of achieving economic independence individually or in collaboration generates employment opportunities for others through initiating establishing and running an enterprise by keeping pace with her personal, family and social life.

According to **Medha Dubhanshi Vinze**,” a women entrepreneur is a person who is an enterprising individual with an eye for opportunities and an uncanny vision, Commercial acumen,

with tremendous perseverance and above all a person who is willing to take risk with the unknown because of the adventures spirit she possesses.”

In the words of Former President **APJ Abdul Kalam** “empowering women is a prerequisite for creating a good nation, when women are empowered, society with stability is assured. Empowerment of women is essential as their thoughts and their value systems lead to the development of a good family, good society and ultimately a good nation.”

Pandit Jawaharlal Lal Nehru has remarked “When women move forward, the family moves, the village moves and the Nation moves.” Women Entrepreneurs have been making a significant impact in all segments of economy of the world. Their willingness for the future is apparent in their growing confidence, in their strengths and in their desire to seek different forms of work in order to achieve a new balance between work and home. Thus a women entrepreneur is one who starts business and manages it independently and tactfully takes all the risks, accepts challenging role to meet her personal needs and become economically independent. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable contributing values in both family and social life and is one who faces the challenges boldly with an iron, will to succeed.

LITERATURE REVIEW

Today, in the world of business, women entrepreneurship has become an essential movement in many countries and has been accepted in all areas of working. The United Nations report has also concluded that economic development is closely related to the advancement of women. In nations where women have advanced, economic growth has usually been steady. By contrast, in countries where women have been restricted, the economy has been stagnant. Bowen & Hisrich, (1986), compared & evaluated various research studies done on entrepreneurship including women entrepreneurship. It summaries various studies in this way that female entrepreneurs are relatively well educated in general but perhaps not in management skills, high in internal locus of control, more masculine, or instrumental than other women in their values likely to have had entrepreneurial fathers, relatively likely to have firs born or only children, unlikely to start business in traditionally male dominated industries & experiencing a need of additional managerial training. Women network report on Women in Business & in Decision Making focus on women entrepreneurs, about their problems in starting & running the business, family back ground, education, size of business unit. Some interesting facts which came out from this report are less educated women entrepreneurs are engaged in micro enterprises, have husband & children but have no help at home. Most of the women

establish enterprises before the age of 35, after gaining some experience as an employee somewhere else. The motivational factors were desire for control & freedom to take their own decision as well as earning handsome amount of money. Dedication of more than 48 hours in a week with the family support to their enterprises gave them a sense of self confidence. However, to maintain balance between family & work life is a major challenge before women entrepreneurs especially for those who have children & working husband.

Lee-Gosselin and Grise (1990) as cited in Maysami et. al. (1999) found that in general, the most common start-up problems seem to be lack of capital. Also important was lack of confidence in female business owners abilities on the part of banks, suppliers, and clients alike, as well as family issues. Additional problems, such as marketing and labour difficulties and disagreement with associates, may arise after the start-up phase.

According to Kim (in Meng & Liang, 1996), Staw (1991), and Katz (in Holt, 1992), after entering the entrepreneurial world, those with higher levels of education are more successful because university education provides them with knowledge and modern managerial skills, making them more conscious of the reality of the business world and thus in a position to use their learning capability to manage business.

Das, 2000 performed a study on women entrepreneurs of SMEs in two states of India, viz, Tamilnadu and Kerala. The initial problems faced by women entrepreneurs are quite similar to those faced by women in western countries. However, Indian women entrepreneurs faced lower level of work-family conflict and are also found to differ from their counterparts in western countries on the basis of reasons for starting and succeeding in business. Similar trends are also found in other Asian countries such as Indonesia and Singapore. Again the statistics showed that the proportion of business setup and operated by women is much lower than the figures found in western countries.

Shaver et al. (2001) found that entrepreneurs who believed in their skills and ability were motivated to exert the necessary effort. Douglas and Shepherd (2000) modeled the choice to pursue entrepreneurship as a utility function, which reflect anticipated income, the amount of work effort anticipated to achieve this income, the risk involved, plus other factors such as the person's attitudes for independence and perceptions of the anticipated work environment, for example the presence of funding or opportunities.

Greene et.al., (2003), evaluate the research & publication contribution in the area of women entrepreneurship. The study categorized various journal & resources of research on the basis of certain parameters concerned with women entrepreneurship like gender discrimination, personal attributes, financing challenges, business unit, context and feminist perspectives.

Damwad, (2007), describes the experiences, initiatives & obstacles faced at five Nordic countries like Finland, Denmark, Iceland, Norway & Sweden towards women entrepreneurship. It broadly identifies few obstacles like financing, lack of knowledge &

skills in business life, markets & entrepreneurial activity, work life balance including lack of growth & wishes to grow and most importantly women as other groups are heterogeneous. The study compares early stage entrepreneurial male & female activity among Nordic countries with the same of USA. It also compares various programme & schemes developed by Nordic countries & agencies that provide support to them. OECD & European Commission are focusing on methodologies in analyzing quantitative & qualitative women entrepreneurship. The Nordic countries need a framework for policy learning develop a proper policy mix towards promoting women entrepreneurship.

Singh, 2008, identifies the reasons & influencing factors behind entry of women in entrepreneurship. He explained the characteristics of their businesses in Indian context and also obstacles & challenges. He mentioned the obstacles in the growth of women entrepreneurship are mainly lack of interaction with successful entrepreneurs, social un-acceptance as women entrepreneurs, family responsibility, gender discrimination, missing network, low priority given by bankers to provide loan to women entrepreneurs. He suggested the remedial measures like promoting micro enterprises, unlocking institutional frame work, projecting & pulling to grow & support the winners etc. The study advocates for ensuring synergy among women related ministry, economic ministry & social & welfare development ministry of the Government of India.

Lall & Sahai, (2008), conduct a comparative assessment of multi-dimensional issues & challenges of women entrepreneurship, & family business. The study identified Psychographic variables like, degree of commitment, entrepreneurial challenges & future plan for expansion, based on demographic variables. Through stratified random sampling & convenience sampling the data have been collected from women entrepreneurs working in urban area of Lucknow. The study identified business owner's characteristics as self perception self esteem, Entrepreneurial intensity & operational problem for future plans for growth & expansion. The study suggested that though, there has been considerable growth in number of women opting to work in family owned business but they still have lower status and face more operational challenges in running business.

Darrene, Harpel and Mayer, (2008) performed a study on finding the relationship between elements of human capital and self employment among women. The study showed that self employed women differ on most human capital variable as compared to the salary and wage earning women. The study also revealed the fact that the education attainment level is faster for self employed women than that for other found to be less than of self employed men in industries like communication, transportation, wholesale trade, manufacturing and construction. The analysis is based on data from the Current Population Survey (CPS) Annual Social and Economic Supplement (ASEC) from 1994 to 2006.

Tambunan, (2009), made a study on recent developments of women entrepreneurs in Asian developing countries. The study focused mainly on women entrepreneurs in small and medium enterprises based on data analysis and review of recent key literature. This study found that in Asian developing countries SMEs are gaining overwhelming importance; more than 95% of all firms in all sectors on average per country. The study also depicted the fact that representation of women entrepreneurs in this region is relatively low due to factors like low level of education, lack of capital and cultural or religious constraints. However, the study revealed that most of the women entrepreneurs in SMEs are from the category of forced entrepreneurs seeking for better family incomes

Cphoon, Wadhwa & Mitchell, (2010), present a detailed exploration of men & women entrepreneur's motivations, background and experiences. The study is based on the data collected from successful women entrepreneurs. Out of them 59% had founded two or more companies. The study identifies top five financial & psychological factors motivating women to become entrepreneurs. These are desire to build the wealth, the wish to capitalize own business ideas they had, the appeal of startup culture, a long standing desire to own their own company and working with someone else did not appeal them. The challenges are more related with entrepreneurship rather than gender. However, the study concluded with the requirement of further investigation like why women are so much concerned about protecting intellectual capital than their counterpart. Mentoring is very important to women, which provides encouragement & financial support of business. However, the study concluded with the requirement of further investigation like why women are so much concerned about protecting intellectual capital than their counterpart. Mentoring is very important to women, which provides encouragement & financial support of business partners, experiences & well developed professional network.

STATEMENT OF THE PROBLEM

Women entrepreneurial development is one of the important area majority countries has been focus upon as a part of over all Human Resource Development. It is well ascertained by policy makers across the courtiers that strategic development of an economy required equal participation and equal opportunities to all sect and genders. Entrepreneurial development is one the significant factor for sustainable socio-economic development. Especially, development of women is inviting special significance because many small and medium firms are well operated through women and though it is less recognized. In order to ensure better support from various levels, it is necessary to understand, what are the motivational factors which influence women to become entrepreneurs? Contemporarily less research has been conducted in rural and semi urban areas that give specific focus on women entrepreneur's motivational factors. Hence it is necessary to explore what are the factors which influences the motivation of women and to what extend it influence their entrepreneurial aspirations? How rural women

looks on entrepreneurial opportunities and what are their concerns to enter into such ventures? This particular research tries to understand the motivational factors of women which influence on entrepreneurial factors, and how it facilitate the educators and educational institutions to develop infrastructure, design programs and course ware, ensure training and development activities that in tune with the requirement of entrepreneurial education in rural and semi urban areas where small and medium scale industries are more located.

RESEARCH METHODOLOGY

The study is analytical and exploratory in nature and makes use of Secondary data. The data of the study has been collected mostly from the secondary sources. The secondary data have been collected from various publications and different government and non-governmental sources. The data collected from secondary sources have been suitably edited, analyzed and interpreted according to requirement of the study.

OBJECTIVES:

- To identify the reasons for women for involving themselves in entrepreneurial activities
- To exhibit the encouraging and discouraging factors in an Enterprise
- To provide solutions to the various problems faced by the women entrepreneur group.
- To understand the entrepreneurial motivational factors among women
- To determine the possible success factors for women in such entrepreneurial activities.
- Suggest the educators and educational institutions for better entrepreneurial education and training interventions

Challenges Facing Women Entrepreneurs;

Although there are many contributions to be accredited to women entrepreneurs, a number of constraints have been identified as detriments to these contributions. Women entrepreneurs face many challenges, which include: government rules and regulations, lack of access to finance, assets, information technology, infrastructure and other facilities that enable their efficiency and business growth (United Nations, 2006). Kantor (1999) rightly argued that women often experience greater constraints on their economic actions relative to men. Mayoux (2001) also noted that there are certain factors that limit women entrepreneurs' ability to take advantage of the opportunities available to them in their environment and these factors have been identified as the reasons why their business fail (Kantor, 1999). These factors according to Mayoux (2001) and United Nations (2006) include: poor financial management, liquidity problems, management inexperience and incompetence, poor or nonexistent books and records, sales and marketing problems, staffing, difficulties with unions, the failure to seek

expert advice, limited social and business networks, a low level of demand in the local economy, the value and system of tenure for housing, constraints in access to finance, lack of work experience and skill, and lack of role models. Other barriers to women entrepreneurship development are cultural obstacles, lack of motivation, high crime rates and problems during the transition from reliance on government benefits and employment. Commenting on the challenges facing women entrepreneurs, Gould and Perzen (1990) classified women into 'better-off and low-income women'. According to them, 'better-off women' face the following challenges: lack of socialization to entrepreneurship in the home, school and society; exclusion from traditional business networks; lack of access to capital; discriminatory attitude of leaders; gender stereotypes and expectation: such as the attitude that women entrepreneurs are dabblers or hobbyists; socialized ambivalence about competition and profit; lack of self-confidence; inability to globalize the business: men are leading in the global market. On the other hand, 'low-income women' face challenges such as: poor savings, longer hours to work, health care and other assistance, illiteracy, regulation that do not distinguish between personal business assets make it extremely difficult to start a business or to invest the time it takes to make it profitable, lack of managerial skill, cultural bias both within cultural group and in the larger society, high level of poverty. In support of this, Ando and Associates (1988) and Kizilaslan (2007) noted: "in spite of the increase in business activities of the global economy, it is sad to note that 88-93% of businesses owned by women did not export any goods or services due to the challenges they face in business".

Motivations and the Challenges Women Entrepreneurs Face in Business

Factors that motivate women into business have a way of determining the type of challenge they face. Understanding of the classification of motivational factors into intrinsic and extrinsic or push and pull or implicit and explicit factors will help to throw more light on the relationship between motivational factors and challenges women entrepreneurs face in business. As Kutanisand Bayraktaroglu (2003) rightly observed, women that are forced into business need many years to gain self-confidence and it takes them longer time to persuade others about their products and services. Kuratko and Hodgetts (1995) saw lack of experience and management skills before starting a business as a major challenge facing women that are pushed into business. That is why women entrepreneurs are largely found at mean and lower levels of business success ladders (Kuratko and Hodgetts, 1995). Thus, motivational variables have become important factors in handling the issue of entrepreneurial challenges. Most women entrepreneurs suffer from scarcity of resources and therefore encounter challenges penalties in the pursuit of desired growth objectives. This is primarily caused by lack of adequate preparation on the part of women on how to handle the challenges associated with the type of business they do before embarking on such business.

Women Entrepreneurs and Their Problems

Women entrepreneurs face many hurdles. Societal support is a key determinant in entrepreneurial establishment. The most common problem, which a woman faces, is the noncooperation from her husband or close family members. Majority of the time the family members do not motivate them. Besides they face other problems like mobility constraints, dual responsibility, low managing ability, risk-bearing ability etc. They don't lack managerial skills but they have less promotional ability, which they need to improve upon. Scarcity of raw material and finance are another problem faced by the women entrepreneurs. The standard of technology used by the women entrepreneurs is qualitatively low; they are poor in technical know-how. Transportation difficulties, improper power supply and telecommunication are some of the other problem faced by them. Marketing problem is the biggest problem faced by women entrepreneurs. There are some umpteen problems faced by women at various stages beginning from their initial commencement of enterprise, in running their enterprise. Their various problems are as follows:

Arrangement of Finance: -

For every business undertaking Finance is said to be the "life blood", whether it is large, medium or small enterprise. Women entrepreneurs face the problems of shortage of finance on two important bases. Firstly, women do not in general have property on their own names to use that as collateral securities for obtaining loans/funds from banks and other financial institutions. Thus their access to external sources is very limited. Secondly, obtaining the support of bankers, managing the working capital, lack of credit resources are the problems which still remain in the male's domain.

Shortage of raw-materials:-

Women entrepreneurs encounter the problems of shortage of raw-materials and necessary inputs. On the pinnacle of this, is the high prices of raw materials, on one hand and getting raw materials at minimum discount rates are the other.

Cut-throat Competition:-

Lot of the women entrepreneurs have imperfect organizational set up to drive in a lot of money for canvassing and advertisements. They have to face severe competition from organized industries. They have also to face a stiff competition with the men entrepreneurs who easily involve in the promotion and development area and carry out easy marketing of their products with both the organized sector and their male counterparts. Such a competition ultimately results in the insolvency of women entrepreneurs.

Lack of education and prevalent levels of illiteracy amongst women: -

In India, around (40%) of women are still illiterate. Illiteracy is the root cause of socioeconomic barriers or hurdles. Due to lack of Knowledge of latest technological change, know-how and education creates problems before women to set up competitive enterprises.

Family Conflicts:-

Women also countenance the conflict of performing of home role as they are not available to spend enough time with their families. Because in India, mainly a woman's duty is to look after her children and manage the other members of the family. In business they have to spend long hours and as a result, they find it difficult to meet the demands of their family members and society as well. Their incapability to attend to domestic work, time for education of children, personal hobbies, and entertainment adds to their conflicts.

Marketing Problems:-

Women entrepreneurs incessantly face the problems in marketing their products. It is one of the core problems as this area is mainly dominated by males and even women with adequate experience fail to make a dent. For marketing the products women entrepreneurs have to be at the mercy of middlemen who pocket the hunk of profit. Although the middlemen exploit the women entrepreneurs, the purging of middlemen is tricky, because it involves a lot of running about. Women entrepreneurs also find it difficult to capture the market and make their products popular.

Lack of self-confidence and optimistic attitude amongst women: -

Nowadays most of the women are suffering from one major problem of lack of self-confidence, determination, physically powerful outlook, hopefulness etc. They are always panic from committing mistakes while doing their piece of work, more over there is limited initiative of taking risk and bearing uncertainty in them. Thus all these psychological factors often obstruct their path of achieving success in the area of enterprise.

High cost of production:

High cost of production undermines the efficiency and adversely affects the development of women entrepreneurs. The installation of new machinery during expansion of the productive capacity and like similar factor dissuades the women entrepreneur from venturing in to new area. Government assistance in the form of grant and subsidies to some extent enables them

to tide over the difficult situations. However, in the long run, it would be necessary to increase efficiency and expand productive capacity and thereby reduce cost to make their ultimate survival possible, other than these, women entrepreneurs also face the problems of labour, human resources, infrastructure, legal formalities, overload of work, lack of family support, mistrust etc.

Future Prospects For Development of Women Entrepreneurs:-

Education is a boon to mankind, while lack of education to a person is a bane now-a-days. Throughout the world, we can observe that the ratio of women entrepreneurs is growing tremendously. The emergence as well as development of women entrepreneurs is quite visible in India and their over-all contribution to Indian economy is also very significant. Today the role of Women entrepreneur in economic development is inevitable because women are entering not only in selected professions but also in professions like trade, industry and engineering. The industrial structure and the enterprises are undergoing a radical change. Information Technology has transformed the very technique of doing business. Individually, business ownership provides women with the independence they crave and with economic and social success they need. Nationally, business ownership has great importance for future economic prosperity. Globally, women are enhancing, directing, and changing the face of how business is done today. Ultimately, female business owners must be recognized for who they are, what they do, and how significantly they impact the world's global economy. Women should be considered as specific target group for all development programmes. Govt. should extend better educational facilities and schemes to women folk. Adequate training programs on management skills should be provided to women community. Encourage women's participation in decision making. Vocational training should be extended to women community to enable them to understand the production process and management. Training on professional competence and leadership skills should be extended to women entrepreneurs. Activities in which women are trained should focus on their marketability and profitability. State Finance Corporations and financing institutions should permit by statute to extend purely trade related finance to women entrepreneurs. And lastly women's development corporation has to gain access to open-ended financing. On the basis of the aforesaid problems faced by women entrepreneurs and various other problems too, there is a provision of a number of Strategies for promoting women entrepreneurship to overcome these problems.

Suggestion of the educators and educational institutions for better entrepreneurial education and training interventions. Education has been instrumental in increasing the participation of women in entrepreneurial activities. The formal education not only helps inquisition of requires knowledge for a job, which demands non-traditional skills but also imparts knowledge about the different occupational opportunities. Good academic background makes women confident in dealing with problems in business in an effective manner. Although it is a fact that entrepreneurship is not a special preserve for the educated but in the case of women already

burdened with many social pressures, education is a powerful tool in breaking down the barriers to successful entrepreneurship. Thus education is a liberating force and barriers of caste and class, smoothing out inequalities imposed by birth and other circumstances. There should be an incessant attempt to motivate, give confidence, inspire and assist women entrepreneurs.

Successful Leading Business Women in India

The 21 Leading Business women in India

1. Akhila Srinivasan, Managing Director, Shriram Investments Ltd
2. Chanda Kocchar, Executive Director, ICICI Bank
3. Ekta Kapoor, Creative Director, Balaji Telefilms
4. Jyoit Naik, President, Lijjat Papad
5. Kiran Mazumdar-Shaw, Chairman and Managing Director, Biocon
6. Lalita D Gupte, Joint Managing Director, ICICI Bank
7. Naina Lal Kidwai, Deputy CEO, HSBC
8. Preetha Reddy, Managing Director, Apollo Hospitals
9. Priya Paul, Chairman, Apeejay Park Hotels
10. Rajshree Pathy, Chairman, Rajshree Sugars and Chemicals Ltd
11. Ranjana Kumar, Chairman, NABARD
12. Ravina Raj Kohli, Media personality and ex-President, STAR News
13. Renuka Ramnath, CEO, ICICI Ventures
14. Ritu Kumar, Fashion Designer
15. Ritu Nanda, CEO, Escolife
16. Shahnaz Hussain, CEO, Shahnaz Herbals
17. Sharan Apparao, Proprietor, Apparao Galleries
18. Simone Tata, Chairman, Trent Ltd
19. Sulajja Firodia Motwani, Joint MD, Kinetic Engineering
20. Tarjani Vakil, former Chairman and Managing Director, EXIM Bank
21. Zia Mody, Senior Partner, AZB & Partners

CONCLUSION

The elimination of obstacles for women entrepreneurship requires a major change in traditional attitudes and mindsets of people in society rather than being limited to only creation of opportunities for women. Hence, it is imperative to design programmes that will address to attitudinal changes, training, supportive services. The basic requirement in development of women entrepreneurship is to make aware the women regarding her existence, her unique identity and her contribution towards the economic growth and development of country. The basic instinct of entrepreneurship should be tried to be reaped into the minds of the women from their childhood. This could be achieved by carefully designing the curriculum that will

impart the basic knowledge along with its practical implication regarding management (financial, legal etc.) of an enterprise. Adopting a structured skill training package can pave the way for development of women entrepreneurship. Such programmes can train, motivate and assist the upcoming women entrepreneurship in achieving their ultimate goals. Various schemes like the World Bank sponsored programmes can be undertaken for such purposes. The course design should focus on imparting input on profitability, marketability and practical management lessons. Besides, there should be consideration in helping the women entrepreneurs in balancing their family life and work life. As a special concern, computer illiterate women can be trained on Information Technology to take the advantage of new technology and automation. The established and successful women entrepreneurs can act as advisors for the upcoming women entrepreneurs. The initiatives taken from these well established entrepreneurs for having interaction with such upcoming women entrepreneurs can be proved to be beneficial in terms of boosting their morale and confidence. It may result in more active involvement of women entrepreneurs in their enterprises. Infrastructure set up plays a vital role for any enterprise. Government can set some priorities for women entrepreneurs for allocation of industrial plots, sheds and other amenities. However, precautionary measures should be undertaken to avoid the misuse of such facility by the men in the name of the women. Even in today's era of modernization the women entrepreneurs depend on males of their family for marketing activities. This is simply because they lack the skill and confidence for undertaking such activities. Women development corporations should come forward to help the women entrepreneurs in arranging frequent exhibitions and setting up marketing outlets to provide space for the display of products or advertisement about services made by women.

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Factors Effecting Job Satisfaction of Employees in State Bank of India, Bhubaneswar

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Abstract:

The job satisfaction has got tremendous attention in organizational research. It can be defined as extent of positive feelings or attitudes that individuals have towards their jobs. When a person says that he has high job satisfaction, it means that he really likes his job, feels good about it and values his job dignity. Job satisfaction is important tool used to motivate the employees to work harder. It is often said that "A HAPPY EMPLOYEE IS A PRODUCTIVE EMPLOYEE". This paper in investigates the impact of different variables like age, salary/ income and experience on different components of job satisfaction of SBI Bank employees in Bhubaneswar. The Job Satisfaction survey was used for the purpose of data collection. The components include in JSS were nature of job, pay, co-worker, promotion, rewards, operating policy, benefits, supervision and communication. This paper attempts to gain insights into the satisfaction level from the perspective of the Bank employees. The suggestions of employees were also taken into account in order to improve the level of satisfaction.

Key Words: Job Satisfaction, Employees, Variables, Insight, JSS (Job Satisfaction Survey)

Introduction

The importance of service sector contribution to economic well being has been gaining momentum worldwide and India is not an exception to this global trends. In the Indian context, the service sector activities have received importance during the New Economic Reforms of 1991. Among the various service sector activities, the banking industry in India has received high priority. This is due to the reason that the banking sector is considered to be the lifeline of any economic activity as the contribution of this industry to the economy's growth is direct, considerable and commendable.

The Indian commercial banks which were playing a role of catalyst with no profit motive and which had the motive of contributing to the economic growth experienced a perceptible

change in their activities after the introduction of New Economic Reforms of 1991. The liberalization process has compelled to bring about a considerable change in the services and activities of commercial banks which is due to the increased competition by the domestic public sector banks from the foreign banks.

Job satisfaction is of vital importance for the growth of any organization. It refers to a person's feeling of satisfaction on the job, which acts as a motivation to work. It is a compound of emotions, beliefs, sentiments, evaluation and other allied behavioral tendencies. In any organizational settings, job satisfaction of employees is an essential state to achieve its objectives. Banking is a service industry in which human capital is very important. Today, the banking sector is witnessing sea changes due to the performance of their employees. The sublime performance of the bank employees depends upon their job satisfaction.

Literature Review

The growing interest in job satisfaction during the past 70 years since Hoppock's (1935) seminal work has been widely noted. The importance of the subject - as much for A researchers on organization as for the executives of firms is due to several reasons: (1) a satisfied group of workers improves a firm's competitiveness and success (Stewart, 1996; Garcia et al., 2003); (2) satisfied employees are more productive (Lawler and Porter, 1967; Hackman and Oldham, 1980; Davis and Newstrom, 1999; West and Paterson, 1999, Appelbaum and Kamal, 2000) and their quality of work is higher (Tietjen and Myers, 1998); (3) unsatisfied workers are more frequently absent from work (Kahn, 1973; Cleeg, 1983; Dalton and Mesch, 1991; Stephen, 1994) and engage in lateness behavior (Blau, 1994); and (4) unsatisfied workers are more motivated to leave the firm (Kahn, 1973; Lee, 1998; Hom et al., 1992).

In view of the complexity of the phenomenon we are studying it is worth pointing out that there are various approaches from which satisfaction has been studied. Among the more traditional approaches the most noteworthy are: discrepancy theory (Locke, 1976), which looks at the employee's perception of the correspondence between what they expect and what they receive at work; attribution theory (Heider, 1944), which sees job satisfaction as depending on the employee's professionalism and success in work activities; and equity theory (Adams, 1965), which argues that firms should seek a balance between what the employee gives and what they receive from their firm, as well as what other employees receive from the firm.

Among more modern work in the area we are interested in, and trying to apply the previously mentioned theories, the approaches based on psychological employment contracts are of particular interest. These are based around the set of expectations that employees have concerning their firm as well as what the firm expects of their employees, defining exactly

what the individual and the firm expect to give and receive throughout their relation (Rousseau and Wade-Benzoni, 1994; Tepper and Taylor, 2003). Non-compliance or violation of this type of contract signals to the participants that they no longer share a set of common values and objectives (Sims, 1994). This may reduce the employee's commitment to the organization, increase the likelihood of their leaving and lead to other dysfunctional reactions (Guzzo and Noonan, 1994; Pate et al., 2003).

There have been many empirical studies looking at the impact of different variables on worker satisfaction. Simplifying drastically, and grouping together the studies as far as possible, we might mention three broad groups of studies: (1) those that link satisfaction with the personal characteristics of employees- gender, marital status, educational level, age, work experience, length of service, etc. (Agho *et al.*, 1993; Begley and Czajka, 1993; Jiang *et al.*, 1995; Morgan et al., 1995; Koustelios, 2001; Oshagbemi, 2000; Garcia *et al.*, 2003). (2) those that link satisfaction with elements of the work carried out by the employee-working environment, personal relations, the work itself, work characteristics (Hackman and Oldman, 1980; O'Reilly *et al.*, 1991. Robbins, 1994; Feldman and Arnold, 1995., Leal *et al.*, 1999; Garcia *et al.*, 2003); and (3) those that link this variable with the working conditions offered by the firm to the employee-compensation, promotion, job security, etc. (Simintiras *et al.*, 1994; Morgan *et al.*, 1995; Igalens and Roussel, 1999; Kotorov and Hsu, 2001; Garcia *et al.*, 2003; Darmon *et al.*, 2003).

Objectives:

- To know the impact of different variables on job satisfaction. In this study the variables which have been taken included like income, age, experience etc.

- To elicit the opinions of the different members selected as a sample for the study on various issues concerning SBI in the city of Bhubaneswar.

Methodology:

This research has been pursued with the help of primary data. The total number of respondents (sample) taken is N=250. The dependant measures were JSS, comprises of 9 sub-scales such as Nature of work, Pay, Supervision, Contingent rewards, Promotion, Co-worker, Operating Policies, Benefits and Communication.

Nature and Sources of the Data

The study is an empirical study and the data has been collected from mainly primary sources. The secondary data has been extracted and compiled to make the study more relevant. The primary data has been collected from 250 bank employees through a well-structured questionnaire. The secondary data has been collected from Books, Journals, Bank's Annual Report, Handouts, Magazines and Websites.

Techniques Used for Data Analysis

The technique that has been applied for the study Correlation. Pearson's Coefficient 'r' was calculated to find out the correlation effect among the nine sub-item of Job Satisfaction Survey.

Data Analysis

The study is based on the empirical survey to measure the level of satisfaction. The study focused on the employees of SBI at Bhubaneswar. The total number of respondents (sample) taken is N=250. This sample included officers and clerks, both male and female employees.

TABLE: 1 DEMOGRAPHICS OF RESPONDENTS

CATEGORY	Total	Young	Middle	Old	Percent	
Clerical	99	8	62	29	39.6	
Officers	151	22	43	86	60.4	
Total	250				100	
AGE	Clerical (per cent)				Officer (per cent)	Total (per cent)
Young	8.1				14.6	12
Middle	62.6				28.5	42
Old	29.3				57	46
Total	100				100	100
SEX	Clerical				Officer	Total
Male	48.5				74.8	64.4
Female	51.5				25.2	35.6
Total	100				100	100
SALARY	Clerical (per cent)				Officer	Total
<15000	5.1				0	2
15000-25000	16.2				2.6	8
25000-35000	34.3				23.2	27.6
35000-45000	25.3				24.5	24.8
>45000	19.2				49.7	37.6
Total	100				100	100
EDUCATION	Clerical (per cent)				Officer	Total
Under Graduate	1				2.6	2
Graduate	73.7				54.3	62
Post Graduate	15.2				37.1	28.4
Others	10.1				6	7.6
Total	100				100	100
EXPERIENCE	Clerical (per cent)				Officer	Total
<5Years	21.2				15.9	18
5-10 Years	4				0	1.6
10-15 Years	12.1				2	6
15-20 Years	28.3				15.2	20.4
20-25Years	7.1				11.3	9.6
>25Years	27.3				55.6	44.4
Total	100				100	100
Marital Status	Clerical (per cent)				Officer	Total
Unmarried	13.1				13.9	13.6
Married	86.9				86.1	86.4
Total	100				100	100

Table: 1 represents the demographic profile of respondents. Out of the total sample 39.6 per cent of respondents are clerks and 60.4 per cent of respondents are officers. Out of 99 respondents of clerical group around 8.1 per cent of respondents are young, 62.6 per cent of respondents are middle aged group and 29.3 per cent of respondents are under old age group. Similarly out of total 151 respondents of officers, 14.6 per cent of respondents are young, 28.4 per cent of respondents are middle aged group and rest 57 per cent respondents are under old age group.

The clerical sample consist of 48.5 per cent of male and 51.5 per cent respondents are female and 74.8 per cent male and 25.2 per cent respondents of female are included in officers group.

About 5.1 per cent of the sample of clerical group earned a salary of less than 15, 000 a month. 2.6 per cent of the officers and 16.2 per cent respondents of clerical group earned a salary between 15000-25000 a month. And 25.3 per cent of clerical group and 23.2 per cent of officers group are earning salary between 25000-35000 per month. 25.3 per cent of clerical group and 24.5 per cent officers are earning salary between 35000-45000. Respondents earning salary of above Rs 45000 including 19.2 per cent of clerical group and 49.7 per cent of officers group.

About 73.7 per cent respondents of clerical group have achieved at least bachelor degree and 54.3 per cent respondents of officers have achieved the same degree.

There are 86.9 per cent respondents who were married in case of clerical group, while 86.1 per cent respondents in case of officers. Similarly 13.1 per cent respondents of clerks and 3.9 per cent respondents of officers were unmarried.

About 21.2 per cent of the clerks having less than 5 years of experience, similarly 15.9 per cent of the officers having less than 5 years of experience. 12.1 per cent and 2 per cent respondents of officers are having experience of 10-15 years. And 28.3 per cent of clerks and 15.2 per cent officers are having 15-20 years of experience. 7.1 per cent of clerical group and 11.3 per cent of officers are having experience of 20-25 years. Respondents having more than 25 years of experience include 27.3 per cent clerks and 55.6 per cent officers.

The Table: 2 represents the multi-correlation of age, salary and experience among the nine-dimension of job satisfaction. It represents the impact of age, salary and experience on job satisfaction.

Age is correlated positively and significantly at 0.05 level with the dimensions such as nature of work, co- worker and communication. It is positively correlated and significantly at 0.01 level with the variables like: rewards and supervision.

It is also seen that age is correlated positively and significantly at 0.05 level with the total job satisfaction. It is concluded that age has impact on the score of total job satisfaction.

Salary is negatively correlated with the dimensions such as promotion and operating policies. It is positively correlated and significantly at 0.05 level with the dimension supervision. Similarly it is positively correlated with the dimensions like: nature of work, pay, co-worker, rewards, benefit and communication. This is also seen that salary is correlated positively with the score of total job satisfaction.

Experience is positively correlated and significantly at 0.05 level with the dimension nature of work. It is positively correlated and significantly at 0.01 level with the dimensions like: co-worker, rewards and supervision. It is negatively correlated with the dimensions such as promotion and operating policies. Experience is positively correlated and significantly at 0.05 level with the score of total job satisfaction

The bank employees of particularly the city of Bhubaneswar also expressed their views and suggestions relating to different issues which are directly or indirectly affecting the job satisfaction. First of all regardless of job involvement want more decision making authority, more opportunities for personal growth and development and recognition for good done. This can be achieved through widening their areas of responsibility, larger delegation of authority, adequate feedback and incentives for good work. Training programme on specific areas should be imparted for better job knowledge in the changing banking scenario. Top management must continue its efforts to create a work environment in which bank officers, who are themselves playing a key role as managers in motivating others, would voluntarily put forth their maximum contribution. Both tangible (merit based promotions) and symbolic forms of recognition (e.g., certificates or medals, etc., for outstanding work) should be helpful. The policies of HR department should be clear-cut and focused and properly communicated to the employees of the other departments. There should be improvement in pay structure as well as retirement benefits. . Bi-partite settlement and family pension needs to be revised. Sometimes pressure of work and unnecessary tension creating dissatisfaction among the employees. In this regard relaxation and counseling classes should be held to release the mental agony.

Conclusion:

It is concluded that employees belonging to different age groups are to certain extent are satisfied with the various components associated with job satisfaction. Similarly employees having different experience group are also satisfied with the total components of JSS. But at the same time employees expressed their little dissatisfaction with regard to the component salary.

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Analysis of Gold Price and BSE Sensex: a Relationship Study

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Abstract

India is the world's largest consumer of gold. Gold has always been a popular investment both jewellery and bullion in countries like India and China. In general, most of the persons feel that gold prices are increased because of the market fear. Whenever the stock market looks bad, then people tend to fly towards gold. The reason of increasing price of gold is depend upon the stock market. The Chi-square test was applied to ascertain whether there is any association between Gold Price and BSE Sensex. Stock market is one of the major economic reflectors. Indian economy is currently emerging as a global super power. There are several factors which are directly or indirectly related to stock prices. Here while observing stock market behavior we have taken into consideration Bombay Stock Exchange sensitive index (BSE) in our database. In this paper an attempt made to identify the relationship between gold market and stock market. For the said reason, gold price and stock market index are collected and collected data is analyzed with the help of Chi-square analysis.

Key Words: BSE, Sensex, Stock Market, Gold Price, Relationship, Increased Price.

INTRODUCTION

Gold has always been a symbol of stability and wealth at the same time. People tend to think about buying gold more as a saving than vehicle for as an investment but it does not need to be so. Gold has the same features as every other asset worth investing in, whether stock, bonds, mutual funds, or even commodities like corn, tobacco, crude oil or other precious metals. This makes gold one of the kind being at same time a monetary asset and a commodity. This thesis aims to describe how the price of gold is influenced and affected by the supply and demand of gold, a weakening dollar, crude oil prices, its relationship to stock prices, and overall uncertainty in the economic world.

Gold has a unique status in the economic world: a precious metal with wide uses, a store of wealth, and for a long time, the measure of economic power of nations and the cornerstone of international monetary regimes. In recent years, the world witnessed an aggressive growth in gold price. The role of gold in investment has drawn more attention since this transformational economic crisis began to unfold in 2008. This paper is another attempt to disentangle the price movement of gold after the Bretton-Woods system, the last international monetary regime based on gold. To what extents can we understand the price movement of gold? Can we find support for some popular opinions about gold on finance media? For instance: is gold a safe haven, a negative-beta asset, or an inflation hedge? How should we think about gold: a commodity or a currency?

It has also other Characteristics such as :

- Gold is the most malleable and ductile of all metals; a single gram can be beaten into a sheet of 1 square meter, or an ounce into 300 square feet. Gold leaf can be beaten thin enough to become transparent. The transmitted light appears greenish blue, because gold strongly reflects yellow and red. such semi-transparent sheets also strongly reflect infrared light, making them useful as infrared shields in visors of heat-resistant suits, and in sun-visors for spacesuits.
- Gold readily creates alloys with many other metals. These alloys can be produced to modify the hardness and other metallurgical properties, to control melting point or to create exotic colors. Gold is a good conductor of heat and electricity and reflects infrared radiation strongly. Chemically, it is unaffected by air, moisture and most corrosive reagents. And is therefore well suited for use in coins and jewelry and as a protective coating on other, more reactive, metals. However, it is not chemically inert. Gold is almost insoluble, but can be dissolved in aqua regia.
- Gold ions in solution are readily reduced and precipitated out as gold metal by adding any other metal as the reducing agents. The added metal is oxidized and dissolves allowing the gold to be displaced from solution and be recovered as a solid precipitate.
- High quality pure metallic gold is tasteless and scentless.

In addition, gold is very dense, a cubic meter weighing 19,300 kg. By comparison, the density of lead is 11,340 kg/m³, and that of the densest element, osmium is 22,610. It is a traditional think such as "high prices cut demand!" But it is not suitable in the gold market. In the past recent years, has been happened a major revolutionary change in the structure of the gold and silver markets. Now-a-days gold price is volatility. The price of gold depends on a host of factors, which make it very difficult to predict as gold and silver prices rises just like a thermometer measuring global financial uncertainty and instability. Gold is very safe investment. Gold is hard copy possession with the person purchasing it when other investments are risky. One of the earliest used of gold seems to have been as currency of issuing gold coins.

Gold has been a part of our culture. When a baby is born, a gold coin is used to feed the first grain of rice to the baby. Even today, no Indian wedding is complete without gold jewelers. Gold is considered appropriate for gifting not just as jewel, but as coins as well.

India is in possession of 557.7 tons of gold which tones of gold which constitutes about 6 percent of the country's forex reserves. Gold has always been a popular investment both jewel and bullion in India. India takes 11 places in the world's largest gold reserve. Gold is traditionally weighed in Troy ounces, 31.1035 grams. Gold prices are increased rapidly within last ten years.

For many reasons, gold has been used in various sectors (e.g., jewellery, electronics, computers, medical, and aerospace). Governments use gold as a relative standard for currency equivalents. Investors hold gold reserves as a hedge against inflation, or currency devaluation and also to diverse their portfolio for managing risk purpose. Some manufacturers require the use of gold for its special qualification when other less expensive substitutes cannot be identified. It is not surprising if there will be growing demand in gold usage in the future. Today, like most commodities, the price of gold is driven by supply and demand as well as speculation. Due to limitation in the gold supply amount, its historical trend reveals continually raising in price. The price actually increases significantly since the beginning of 2009. Forecasting of gold price has been interested for long. This paper applies the system dynamics approach to study the behavior of the gold price movement. In system dynamics, a system is represented by a closed-loop structure which models the relationship and feedback among system factors. A problem or a system (e.g., political system, mechanical system, or gold price system) is first represented as a stock and flow diagram. Stock shows the quantity of study factor while flows demonstrate factors which come in and out to change the stock level.

In addition, the positive (+) and negative (-) symbols shown with interaction arrows are used to define whether the relationship between variables at the two ends is in direct or inverse direction. For instance, the interest rate and the interest payments will have a link with positive sign. Another important part in the system dynamics is feedback. A change of bank account balance will have feedback to interest payments and spending in the same direction, and hence positive signs are shown in the feedback arrow.

GOLD MARKET

Gold is the world's oldest international currency and has played a role in most countries' currency systems for well over two thousand years. The gold market remained liquid throughout the financial crisis, even at the height of liquidity strains in other markets. This reflects the depth and breadth of the gold market, as well as the flight-to-quality tendencies exhibited by some investors. The global gold market has recently attracted a lot of attention and the price

of gold is relatively higher than its historical trend. Gold has attracted investors throughout the centuries, protecting their wealth and providing a 'safe haven' in troubled or uncertain times. The world's top five gold producing countries with the share of their global output are : China-12.8% , Australia -9.4% , South Africa-8.9% , USA-8.9% , Russia-7.9% .

Gold demand comes from three sources such as jewellery, industry (including electronics and medical application) and investment. In the five years 2005 to 2009, the annual demand for gold was an average, 3692 tones. The primary source of demand came from jewellery, which has accounted for 61% of the total over the past 5 years, followed by investment demand which has accounted for a further 27%. Industry accounts for the remaining 12%. Jewellery demand has come from four countries such as China, India, Turkey and the middle east.

STOCK MARKET IN INDIA

Volatility is a characteristic feature of stock markets all over the globe. The Indian stock market is now well integrated with the global markets and follows the trends in these markets. The Indian stock market is once again in the limelight with the market indices on the rise. BSE Sensex is the benchmark index for the Indian stock market. It is the most frequently used indicator while reporting on the state of the market. Sensex is not only scientifically designed but also based on globally accepted construction and review methodology.

The stock market behaviour during the year 2005 was characterized by a persistent and continuous rise in stock prices and stock market indices. Between January 2004 and May 2006, the sensex had moved up from 6000 to 12,671. The Mumbai stock exchange benchmark index sensex closed above 15,000 for the first time on July 9, 2007. The BSE sensex rate reached 21,000 points in January 2008 and subsequently decline due to global financial meltdown. However, the market has given a positive trend in subsequent years.

SENSEX LAND MARK

Sensex, the market index of the Mumbai stock exchange, is the most popular figure which can be used to represent the market movements. As India's premier market index, the BSE is an important benchmark for fund managers. Apart from indicating market movements, it also acts as a basis for index based derivative products. The movement of the stock market is generally taken as a reflection of the performance of the corporate sector in the country. The rising index gives a sense of well being in the economy, while volatility is a cause of concern.

Salent and Henderson (1978) examined the effects of anticipation of government sales policies on the real price of gold. Carter et al. (1982), Jaffe (1989), and Chua et al. (1990) examined

the extent to which gold and gold related assets offer diversification opportunities superior to equity investments. But Gold Mutual funds and gold do not bring identical risks to an investor's portfolio. (Blose 1996).

In the study by Blose (1996) was The Gold & Government Fund, which invests in both government debt securities and gold investments. Ghosh and others (2002) using monthly gold price data and co-integration regression techniques confirm that gold can be regarded as a long-run inflation hedge.

In a study done for Indian markets Sessaiah and et al (2003) found that returns on investment in Gold have proved to be perfect hedge against inflation as beta co-efficient was positive and greater than one and the results were significant at 1% for pre liberalization and 5% level for post liberalization.

OBJECTIVES

The objective of the study is as follows:

- To analyze the relationship between gold price and BSE Sensex.
- To specify the growth of gold market and stock market.

HYPOTHESIS :

H₀ -There is no significant relationship between gold price and stock market.

METHODOLOGY

The present study intends to examine the issue framed in the objective and hypotheses relating to the gold market and sensex. The study is based on secondary data from 2000-01 to 2011-12 and the data collected from secondary sources through different websites, journals and periodicals. The collected data are arranged sub sequentially and tabulated in a systematic manner.

PERIOD OF THE STUDY

The study period is from 2000-01 to 2011-12 and analyses only the relationship between the gold price and sensex.

ANALYSIS OF GOLD PRICE AND BSE SENSEX

Most of the persons feel that gold prices are increased because of the market fear. Whenever the stock market looks bad, then people tend to fly towards gold. The reason of increasing price of gold is depend upon the stock market. Investors have historically used simple risk adherent strategies in their portfolios such as diversifying across countries and including gold investments because this investment typically had an inverse relationship with stock market movements. During bull market, gold at low price can be bought and in bear markets, sold in

high prices for profit booking. So, it pushed to increase the gold price. If the stock market crashes, gold and other precious metals will become very popular and valuable as people rush to buy them. So, finding the relationship between the stock market (sensex) and the gold price is necessary one. For, this purpose, the data are analyzed and compare between Gold Price and the BSE sensdex for the period from 2000-01 to 2011-12.

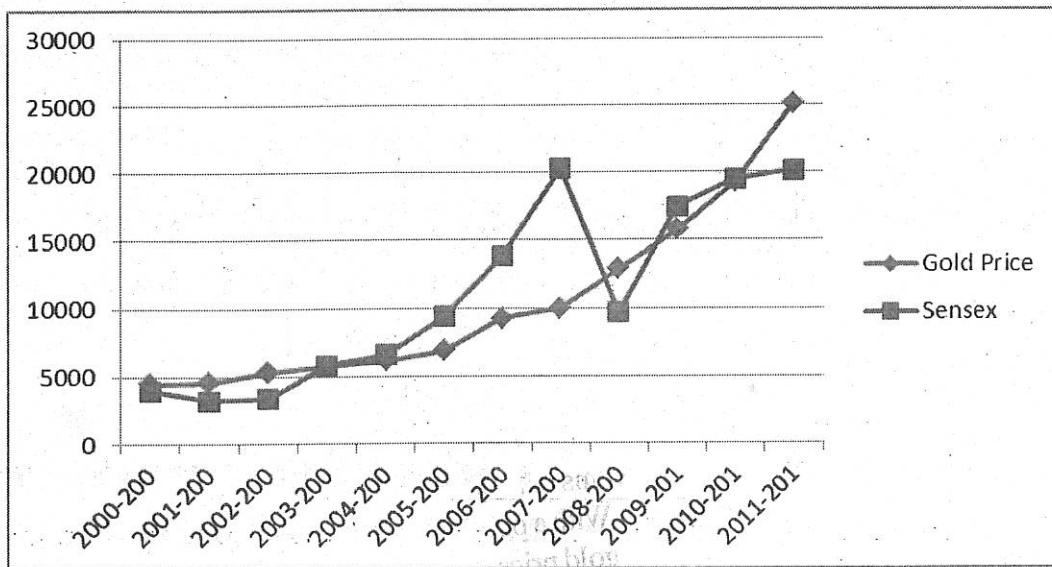
Table-1 : Gold Price and BSE sensdex

Year	Gold price	BSE Sensdex
2000-2001	4474	3972.12
2001-2002	4597.12	3262.33
2002-2003	5332.36	3377.28
2003-2004	5718.95	5838.96
2004-2005	6145.38	6602.69
2005-2006	6900.56	9397.93
2006-2007	9240.32	13786.91
2007-2008	9995.62	20286.99
2008-2009	12889.74	9647.31
2009-2010	15756.09	17464.81
2010-2011	19227.08	19459.85
2011-2012	25048.58	19893.25

Source : BSE & RBI

In the above table the data are collected year wise from 2000-01 to 2011-12 to study the prices at different years. It is found that the gold price moves very fast. However, there is a sudden fall in sensdex due to the global financial turmoil and again it increased due to the economic, financial, technological, etc impact on it.

Figure-1: INCREASING GOLD PRICE AND FLUCTUATION IN SENSEX



In order to find the relationship between gold price and sensex, a chi-square test is used. The significance of hypothesis is framed and tested.

Table-2: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	132.000(a)	121	.233
Likelihood Ratio	59.638	121	1.000
Linear-by-Linear Association	7.508	1	.006
N of Valid Cases	12		

(Source: Own Compilation)

The Chi-square test was applied to ascertain whether there is any association between Gold Price and BSE Sensex. For this purpose last twelve year gold rate and BSE sensex has been collected. According to the Chi-square test, relationship between two is identified. The chi-square Asymp. Sig. is greater than 0.05 at 5 percent level of significance, the null hypotheses

(H_0) is accepted. In order to find the relationship between gold market and stock market, a chi-square test is used. As to prove the significance of the hypothesis H_0 and H_1 is framed.

Test of Hypothesis :

H_0 -There is no significant relationship between gold price and stock market.

H_1 -There is significant relationship between gold price and stock market

FINDINGS

In the above analysis helps to know, there is no relationship with the stock market and gold rate. Stock market is increased and gold rate is also increased. Stock market is not a reason for increasing gold rate.

CONCLUSIONS

Gold has always been a popular investment both jewellery and bullion in countries like India and China. India is the world's largest consumer of gold. China and India are very important consumers where there seems to be an emerging business population looking to invest in some physical cash assets. With a population of 1.1 billion people, gold has a great future in India. It is an assumption, gold price may be increased Rs.2000 per gram.

The Indian wedding season from December to May adds to the demand in gold. Any festive occasion in India seems a spurt in the demand. People even mortgage their properties to buy gold in India. At the turn of the century, the Jewellery and Industrial gold buyers, alongside rural, agricultural Indian demand, dominated the gold price.

In the developed world gold was not bought for itself and its value. It served a more complimentary role in jewelry, often the cheaper part of a piece of jewelry. Since there is no regular income from investment in gold, the income will not be subjected to tax. So, people and country invested their money into gold. Gold price is rapidly increased.

In our research, we tried to find out the relationship between Gold price and BSE Sensex and found no relationships between them. We have used statistical methods to do the analysis based on yearly database. Finally we got no relationships of Gold price with BSE Sensex.

SUGGESTION:

There is no specific reason behind the relationship between gold market and stock market. Therefore the change of gold price don't affect on the change in BSE Sensex and vice-versa. Therefore when any person wants to invest there in gold market, then he should consider the factors affecting gold price movement and the factors associated with it. There are several factors affecting the movement of gold price, these are such as

- The value of the U.S. dollar.
- Jeweler demand from Asian markets and Chinese.
- Central banks
- Gold production.

- Global economic situation
- Interest rate

So at the time of investing in gold a person should consider all the above factors instead of thinking about the stock market movement.

Similarly when a person wants to invest their money in stock market, he should consider the demand and supply factor of the stock instead of gold price movement.

So the investment depends upon the perception of the person. As there is no relationship between gold price and stock market, so depending upon the individual mindset of the person they should invest their money.

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CORPORATE SOCIAL RESPONSIBILITY-A STUDY OF MAHANADI COALFIELDS LIMITED

C. R. Satpathy*

Leena P. Singh**

ABSTRACT

Philanthropy is no longer limited to signing cheques for social causes and welfare programmes. The corporate world is now reaching out to community. The commitment is getting much deeper as a large section of employees including members of top management are now doing their bit for causes close to their heart. In this context since the mining and manufacturing companies and their core business activities directly affect the resourcefulness of the society and to curb this they must make appropriate allocation in their budget. This paper focuses on the Corporate Social Responsibility of Mahanadi Coalfields Limited (MCL). It examines the extent of its involvement in social activities and development of amenities with a view to recommend the strategic importance of being socially responsible to all the stakeholders. The methodology employed was that the researcher(s) examines the Annual Reports, Accounts and other secondary data available, compared the turnover with their investment on social amenities and make necessary comment on the compliance in respect of obligations towards the stakeholders.

KEYWORDS: Corporate Social Responsibility, Stakeholders, Peripheral Development, Social amenities

Introduction

Certainly the role of companies in modern society is an important topic of discussion in many countries around the world. Businesses, of course, are often very visible players in society, selling products or services which are household names, providing employment for many people, and perhaps having a headquarters building which is a proud landmark of its city or town. The role that businesses play in society, however, has come into particular focus in recent years due to several factors, including the process of economic globalization. Businesses of all sizes are more and more internationally connected through trade, investment and other commercial relationships, and hence, often have an active presence in more than one country. Larger companies are, in fact, often household names in a number of countries—in the

automobile sector Toyota, Ford and Volkswagen are just as well known in many countries as in each of their “home” countries. What role should companies play in modern society? The debate is ongoing, with corporations in particular and businesses in general often viewed as focused too much on short-term economic interests and failing to live up to their “social responsibilities.” In fact, especially in the years since the early 1990s, the call for what is termed “corporate “social responsibility” (CSR) has gained significant momentum in many countries. Businesses are said to have a responsibility not only to generate economic returns for shareholders, but also to the natural environment as well as “stakeholders,” including customers, employees, suppliers, creditors, and the communities impacted by the company. We hear reference to the company’s “triple bottom line” to measure performance for shareholders, environment and stakeholders.

In an increasingly fast-paced global economy, CSR initiatives enable corporates to engage in more meaningful and regular stakeholder dialogue and thus be in a better position to anticipate and respond to regulatory, economic, social and environmental changes that may occur. The role of business in society has undergone a dramatic change in India as well and also across the globe. From the origins of the king’s welfare to the liberalization and reduction in the regulatory framework, businesses have started to undertake CSR activities voluntarily as they consider their contribution towards society and environment is a symbiotic relationship. The majority of studies on CSR, however, are still embedded in the economic and organizational contexts of Europe and the US (Raman, 2006). Only a few studies have explored some of the multiple aspects of this concept in India, both theoretically and empirically (Arora and Puranik, 2004; Balasubramanian et al., 2005; Baskin, 2006; Narwal and Sharma, 2008). In general, studies that have looked at CSR, specifically the levels of integration within the business sector in developing countries, are limited. As globalization continues to alter the traditional balance of power between developed and emerging nations, businesses from emerging markets are vigorously challenging the hegemony of their international counterparts as business environment is becoming uncertain, dynamic and complex. Given this scenario, scholars and researchers have consistently called for more research in the area of corporate social responsibility and the growing influence of emerging markets and their leading companies. Our study focuses on companies engaged in mining activities extract the valuable natural resources involving a very high social cost causing extensive adverse effect on the biodiversity. Hence it necessitates an extensive study on the CSR of the mining companies to justify the social cost benefit equation with special reference to Mahanadi Coalfields Limited (MCL).

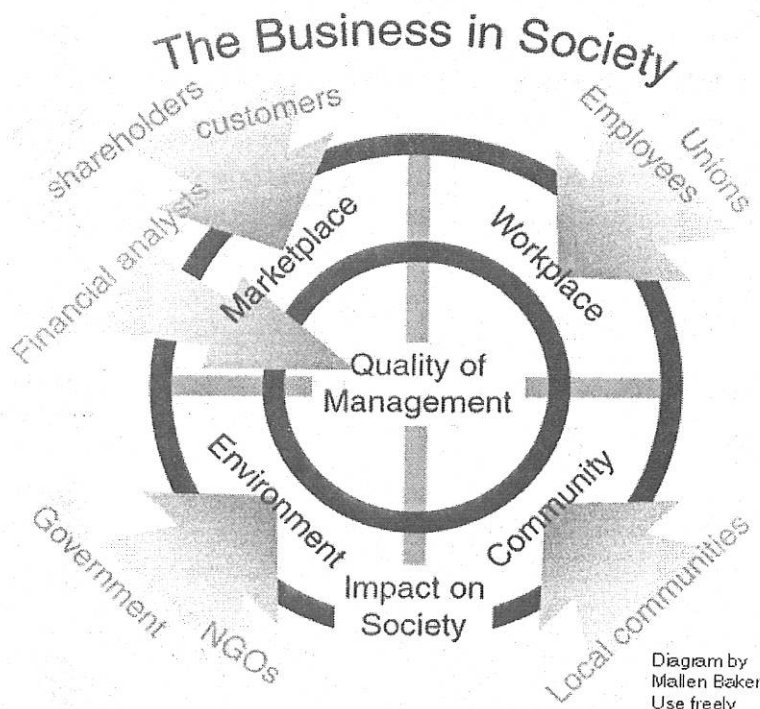
Meaning And Definition Of CSR

The term Corporate Social Responsibility (CSR) has become a part of the business lingua amongst commercial circles of India. Business activity in the developing nations across the globe has realized the need for business to respond to the needs of the environment in which

it operates and therefore to accept social responsibilities for stable and sustainable development. The prime reason for involvement of business in developmental causes beyond economics is that business is a multi-operational activity with various agencies as stakeholders governments through chartering and ensuring implementation of effective rules and policies, conscientious consumers who demand and consume an ethical product, astute suppliers, punctilious employees who lay faith in their companies social projects, responsible investors and self-effacing entrepreneurs. Therefore, economic activity as a whole and business houses in particular are seen as forces primarily responsible for exacerbating the deteriorating position of the resources employed – both human and nature-based raw material.

Philip Kotler and Nancy Lee (2005) define CSR as “a commitment to improve community well being through discretionary business practices and contributions of corporate resources” whereas **Mallen Baker (2004)** refers to CSR as “a way companies manages the business processes to produce an overall positive impact on society.”

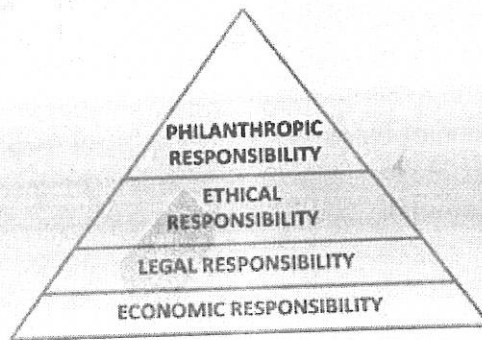
Figure-I



Source: <http://www.mallenbaker.net/csr/definition.php>

According to World Business Council for Sustainable Development "Corporate Social Responsibility is 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".

Figure-II



Source: www.cbe.wvu.edu/dunn/rprnts.pyramidofcsr.pdf

Literature Review

According to Business for Social Responsibility (2007), CSR brings not only risks for the mining industry, but also creates a set of opportunities. It can help companies secure their social license to operate, contribute in a meaningful way to sustainable development, and ultimately add value not just for shareholders but also for all of their stakeholders- for the communities and others who are affected by the company's operations. Cernea (2007) has given examples of different countries on how they share the project benefits with the project affected persons. Colombia allocates a certain percentage of benefits from hydroelectric plants to the development of rehabilitated area. In Brazil there is a principle of reinvesting a percentage of royalties from hydropower to the resettlement area. Canada adopted a strategy of partnering with the local communities for equity sharing. In China there are important agencies, which have the responsibility of managing the reservoir development funds and initiating development interventions to benefit the resettlers. There are, appreciably, several cases of companies in India involved in diverse issues such as health-care, education, rural development, sanitation, micro-credit and women empowerment, arts, heritage, culture, and conservation of wildlife and nature, etc (Arora and Puranik 2004). Given the increase in corporate profits on the one hand and the reality of human-poverty and development indicators on the other, CSR seem to be in a embryonic stage in India. Critics also argued that CSR is primarily about green wash, or the projection of a caring image without significant change to

socially and environmentally harmful business practices. Therefore, there is a need to increase the understanding and active participation of business in equitable social development highlighting it as an integral part of good business practice. Viviers and Boudler (2008) study investigated the CSR performance of selected mining companies listed on the Johannesburg Securities Exchange. The 2006 Annual Financial Statements of each company were analysed by means of content analysis. According to their study, CSR issues with an economic impact, such as HIV/AIDS, tend to be given priority by mining companies, whereas CSR issues related to empowerment receive less attention. The study recommended that mining companies should focus more on health and safety issues and environmental issues which lie on the ethical and philanthropic levels of CSR. Jenkins and Yakovleva (2006) tried to explore recent trends in the reporting of social and environmental impacts and issues in the global mining industry. It offers a detailed review of the development of media for social and environmental disclosure in the mining industry, and of the factors that drive the development of such disclosure. A temporal analysis of recent trends in disclosure using a case study of the world's 10 largest mining companies was presented. The result shows that whilst there is evidence of increasing sophistication in the development of social and environmental disclosure, there is considerable variation in the maturity of reporting content and styles of these companies. A study on Iron Ore mining industry in Goa shows that many large mining companies have their own initiative towards environmental and social development. However, a structured CSR policy and planning is generally missing, especially among the small and medium players in the industry. CSR has not yet emerged as an important theme among the mining community in Goa. Banerjee (2004) mentioned that for carrying mining activity in the future, adequate attention should be given to the social dimensions of mining. He has mentioned the commendable community development work done by many mining companies and to disseminate the knowledge generated, for example, the progressive Resettlement and Rehabilitation (R&R) policy adopted by Coal India and the transfer of lessons learnt from the World Bank's Coal Sector Environmental and Social Mitigation Project to other mines. This has the potential to bring in a major change to the social dimensions of the mining sector in the country. Hamann and Kapelus (2004) argued that CSR related narratives and practices can be fruitfully assessed with reference to accountability and fairness as key criteria. Brief case studies of mining in South Africa and Zambia suggest that there are still important gaps between mining companies' CSR activities, on the one hand, and accountability and fairness, on the other. Their conclusion is that companies' CSR-related claims, and particularly the reference to a business case for voluntary initiatives, need to be treated with caution. Poor attention to community development and engagement with the landowners caused the closing down of a large copper mine in Papua New Guinea. The Phulbari coal mine project in Bangladesh was abandoned in 2006 because of community agitations for alternative livelihoods (Lahiri-Dutt 2007). The mining companies should try to place an equal emphasis on concerns related to the environment, the

economy and the community. The representatives of companies, government officials, and community members should be involved in resolving problems, which arise because of mining. Most of the time, local communities, governments and mining companies are uncertain about their respective roles and responsibilities in the development of mining, and they are unable to act or participate effectively in decisions related to mining activities (Conway 2003). Some of the core issues, which the company should deal with, are: (a) Rehabilitation and Compensation issues should be dealt with equitably. The company should provide all infrastructure facilities to the rehabilitation colony. They should take into consideration the plight of landless households. (b) Proper care of environmental quality. Concerns about air pollution, water pollution and degradation, lands and forests should be given proper emphasis. (c) The company should invest in improving human and physical capital of the region. Education, basic amenities, health care, training opportunities should be provided not only to the employee's family but for the community as a whole. (d) Issues of post-mine closure like unemployment, income potential, migration, environmental cleanup should be discussed much in advance. (e) Effective administration, rule enforcement and accountability should be keywords in the process of rehabilitation as well the functioning of the mines.

CSR In Indian Companies

The practice of considering business responsible to its various stakeholders has long been a part of the Indian business tradition even before the advent of the Industrial revolution in India, though it differed in its nature and the manner in which it is defined today as CSR. For India, CSR is not a new concept and it has had a major influence on business, government, and society relationships (Balasubramanian et al., 2005). Companies like Tata Steel (the oldest and best known Indian steel company, whose founder was more a nation-builder than a businessman seeking profits) were very involved in trying to tackle many social problems even before the term CSR formally entered the vocabulary of management texts (Singh, 2008). In fact, "so deep and extensive was the commitment that it earned the sobriquet of being the company 'that also made steel' – suggesting that it often gave the impression of being primarily a social, rather than a business, organization" (Singh, 2008, p. 124). The origins of CSR in India could be traced back to the days of Kings. According to Kautilya's Arthashastra, "In the welfare of the people lies the king's welfare and in their happiness his happiness" (cited in Jose et al., 2003). In the nineteenth century, merchants and religious/ethnic groups came together to do something primarily for the community with some benefits also flowing outside the community (Jose et al., 2003). Religion and charity have always been linked with people in India brought up in an environment founded on the belief that giving is good (Jose et al., 2003). Even before India's independence in 1947, businesses made significant contributions to schools, hospitals, and rural development (Mohan, 2001). After independence, large public sector companies carried out state-sponsored CSR activities

(Mohan, 2001). More recently, Indian CSR is becoming an important part of longer-term business development initiatives (Balasubramanian et al., 2005). Corporate social responsibility is predominantly considered as a western phenomenon due to strong institutions, standards, and appeal systems that are weak in developing countries of Asia (Chapple and Moon, 2005). Such weak standards tend to pose considerable challenge to firms for practicing CSR in developing countries of Asia including India. Given that South and South-East Asian countries continue to experience many institutional changes, particularly in India with regard to its economic sector, the academic literature continues to focus on assessing the state of its CSR. Current research on CSR in India is mostly limited to self reported questionnaire surveys on CSR (Khan and Atkinson, 1987; Krishna, 1992), nature and characteristics of CSR in India (Arora and Puranik, 2004; Sood and Arora, 2006), perceptions of the Indian society on CSR (Narwal and Sharma, 2008), CSR perceptions of India by businesses (Balasubramanian et al., 2005), corporate social reporting (Raman, 2006), and policies and practices of multi-national corporations (MNCs) towards CSR in India (CREM, 2004) without linking it with any specific CSR model. This study intends to fill that gap by replicating and extending the past findings on CSR approaches, while examining the drivers and barriers of social responsibility in India.

Researchers argue that the idea of voluntary response of corporate in social well-being is as old as business itself (Vardarajan and Menon 1988). The philanthropy researcher, Sundar (2000) traces the history and presents a detailed account of the philanthropic involvement of business activity in India against the economic, social political and cultural developments in the country. First, philanthropy in India is largely a story of Indian businessmen, as historically women did not play a very important role in business philanthropy. Second, it is a story of indigenous rather than expatriate business. Even though foreign businesses have had a major presence in India, their aim has been profit maximization rather than the development of the country. The exceptions are some organizations that have been present in India over a longer period of time and which have become more or less "Indianized". Third, as in most of Asia, philanthropy is largely a story of family businesses.

Despite these distinctive features, there are some similarities between the development of modern philanthropy in India and the West. Driving forces, such as religious beliefs and sentiments associated with capital accumulation, industrial wealth and the resultant social consequences, hold true for India as for countries in the West. Moreover, the corporate philanthropy vehicles in India, such as the trusts and foundations, closely resembled what had been the norm in Western countries and elsewhere. However, similarities aside, the fact remains that the form philanthropy takes in any society depends upon a nation's unique history, culture, traditions and economic and political situation.

In India, corporate philanthropy has been the most prevalent and well-accepted form of executing social responsibility. However, corporate philanthropy is no longer considered an

adequate response to demands for social responsibility, given its limited rationale and scope. The term CSR, is usually taken to include environmental, social and human rights-based impacts and initiatives of companies (Ward and Fox 2002), and in many countries—both industrialized and developing the concept and practices are taken seriously (Hopkins 2003). The practice of CSR in India got a new dimension after globalization, both in terms of the way it is executed and by agencies that practice it. The impact of increased revenues pocketed by way of globalization brought many big corporations under the surveillance of the now active and vigorous NGOs and media. It has been predicted that in the times to come companies will be “judged more by their social policies than on their delivery of products and services” (Juholin, 2004). Hence, many companies realizing the imperativeness, volunteered to march on the beats of CSR. CSR has now been accepted as an ongoing activity in sync with that of the business rather than an occasional affair to vitalize the corporate reputation. Looking across the current practices of leading Indian corporations, a number of core elements emerge:

Community Development: Most large companies either have their own foundations or contribute to other initiatives that directly support the community upliftment, notably in health, education, and agriculture.

Environmental Management: Environmental policies and programmes are now standard, and many companies have implemented the ISO 14001 system throughout their businesses.

Workplace: Growing out of long-standing commitments to training and safety is a more recent emphasis on knowledge and employee well-being. (TERI 2004)

Objective And Scope Of The Study

- (a) To make an analysis of the details of the CSR expenditure of MCL in last five years.
- (b) To comment on the compliance of MCL with reference to its obligation towards Government and society at large.
- (c) To test the significance of correlation between Capital Investment on Social Amenities and Turnover.

Hypothesis Formulation

The hypothesis put forward for the purpose of research is as follows:

H0: There is no significant correlation between turnover and Capital Investment on Social Amenities.

Methodology Of The Study

The research is entirely based on the secondary sources of data collection i.e. company website, annual reports, online databases, other websites etc. Data has been analyzed using the statistical tools viz. tables, diagrams, t-test etc. as required.

CSR In Mahanadi Coalfields Limited(MCL)***Brief Profile of MCL and CSR Activities***

Mahanadi Coalfields Limited (MCL), a Subsidiary of Coal India Limited, and a “Mini Ratna” Company of Government of India with effect from 15.03.2007 was formed on 03-04-1992 with its Corporate Office at Sambalpur, Orissa, by bifurcation of Coal Mines of Orissa State from South Eastern Coalfields Limited, with the then Coal production of 23.14 MT. Since then the company has grown by leaps and bounds and achieved a total Coal Production of 104.08 Million Tonnes in the Year 2009-10 with a Gross Profit of 3010.00 Crores and an exchequer payment to the tune of Rs 1456.23 crores & Rs 1099.15 crores to the Central & State Government respectively in the year 2009-10. The Company has 15 Opencast and 7 Underground mines and 2 Joint Venture Projects. The company has been a pioneer in the introduction of Clean & New Technologies and was the first to introduce Surface Miners for Coal Production in India. This year the company has procured 4 Surface Miners, the first company in CIL to do so, to augment its Clean Coal Production Programme.

The Company has been a role model in the Conservation of the Environment with introduction of Green Belts, Water harvesting methods and Land Reclamation modules. MCL has planted 4.791 Million trees up to 09-10 since its inception on the OB dump / Mine outline as well as in Colonies with the help of State Government Agencies. The company was accorded with the ISO 14001 Certificate for 6 of its projects. The company has developed its e-procurement portal with technical assistance from NIC and implemented it for all tendering above Rs 2.00 lacs. The company was awarded with the e-India 2010 award. With the Coal Net package in place, a customized ERP Application Software for e-payment, e-dispatch through road & rail, bill status and HR Models the company is ready to face the challenges ahead. Truly, MCL believes in its slogan of “Growing Along with Surroundings” thereby “Bringing a Smile in every hut” and is ever committed to achieve it.

Analysis and Interpretation

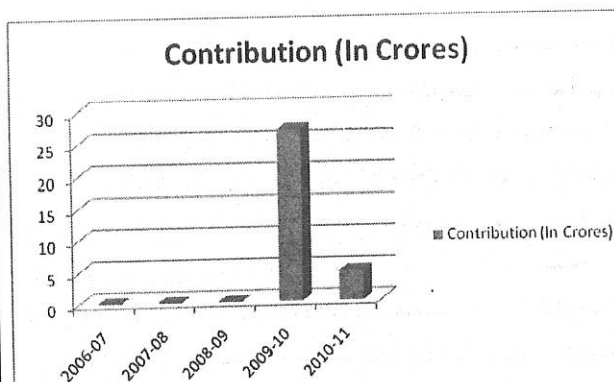
In Corporate Social Responsibility (CSR), MCL has spent a total sum of around Rs.290.00 Crores since its inception. MCL's CSR encompasses activities ranging from integrated water supply scheme at Talcher & Ib Valley which will supply piped water to villages, construction of 202 kms of highways & public utility roads, community centres, hostels for SC/ST students, stadia, check dams. Railway lines etc. For the peripheral villages, MCL has also undertaken periodical free check-up camps among Project affected villages through Mobile Medical Vans on weekly basis. Free OPD facility is also being provided to Project affected villages in

its 7 Hospitals & 13 Dispensaries manned by 101 doctors using 38 ambulances. Another path breaking innovative is the opening of a Medical College to be run jointly by the State Government and MCL to be attached to its state of the art multi-functional Central Hospital at Talcher. MCL is forever committed for progress along with surroundings, which is amply reflected in its R&R Policy. MCL follows the R&R Policy of the state of Orissa and has provided 9285 jobs till July 2010 since inception. MCL has also taken up the challenge to provide alternate employment to the land oustees not coming under the R&R Policy by employing them in contractual services. MCL has also opened grievance cell in each of its coalfields to redress grievances of the land oustees and acknowledgement boards have been erected in each of the projects in gratitude of the persons who gave up their lands to the company. With a good 3 tier structured Industrial Relation in place, the company has a happy and able workforce of around 20800, who have been provided the best of welfare amenities to its employees and their families. MCL has constructed 16736 houses with 13 play grounds, and 18 children parks, in its well laid down townships. 9 DAV schools funded by the company impart quality education to the wards of the employees. In 2009-10 MCL spent a total of Rs. 9.25 crores as education grants to its 9 DAV Schools, 18 privately managed schools, 1 College and two technical colleges namely IGIT, Sarang and OSME, Keonjhar. The company has created a reserve and the details of transfer to CSR reserve year wise is as follows:

TABLE-I

Year-wise transfer to CSR reserve

Year	Contribution (In Crores)
2006-07	NA
2007-08	NA
2008-09	Nil
2009-10	27.03
2010-11	4.62
Total	31.65

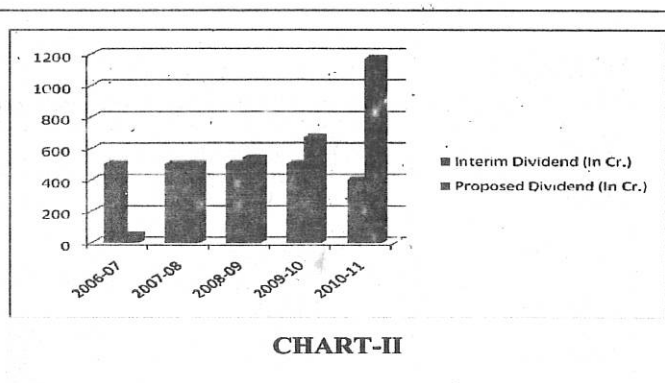
**CHART-I**

From the above table it is evident that the company has created CSR reserve from the year 2009-10, and also transferred a sizable amount (27.03 crore) in the same year.

TABLE-II

Details of Dividend Paid

Year	Interim Dividend (In Cr.)	Proposed Dividend (In Cr.)
2006-07	500	50.54
2007-08	500	500
2008-09	500	540
2009-10	500	669
2010-11	400.02	1170
Total	2400.02	2929.54



Looking at the above table of dividend payment it is evident that the company has been paying both the interim dividend and proposed dividend constantly throughout the study period of five years; interim dividend has remained more or less stable whereas the proposed dividend is showing an increasing trend.

TABLE-III

Contribution to Central and State Exchequer (Rs in Crores)

Year/ Headings	Royalty	Sales Tax/ Odisha VAT	Stowing Excise Duty	Entry Tax	Clean Energy Cess	Central Excise Duty
2006-07	511.45	185.70	73.61	19.80	NIL	NIL
2007-08	624.51	186.85	81.12	26.59	NIL	NIL
2008-09	762.14	212.76	88.02	26.80	NIL	NIL
2009-10	881.08	255.75	95.86	32.62	0	0
2010-11	932.44	287.92	1104.78	51.85	305.19	41.37

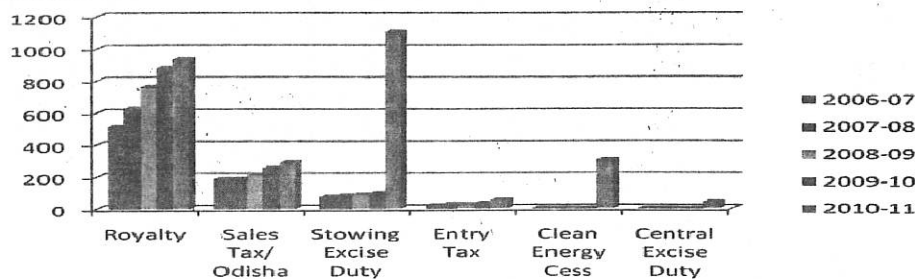
**CHART-III**

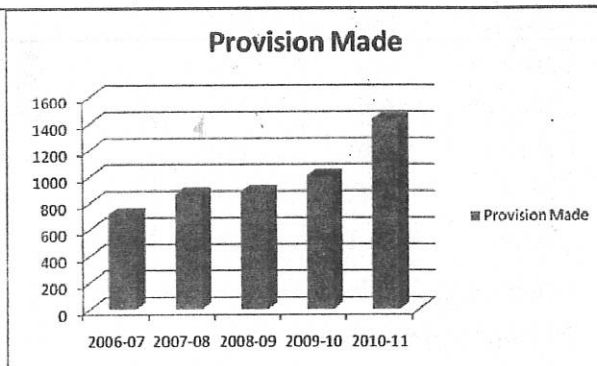
CHART-III

MCL has been complying its legal obligation by paying its dues viz-Royalty, sales tax, entry tax and central excise duty etc. to Govt. consistently which is evident from the above table. Payment of royalty, sales tax, stowing excise duty and entry tax is showing an increasing trend indicating the growth of business in the study period of five years.

TABLE-IV

Income Tax Provision made during last five Years (Rs. In Crores)

Year	Provision Made
2006-07	712.94
2007-08	861.75
2008-09	882.88
2009-10	1003.89
2010-11	1429.98
Total	4891.44

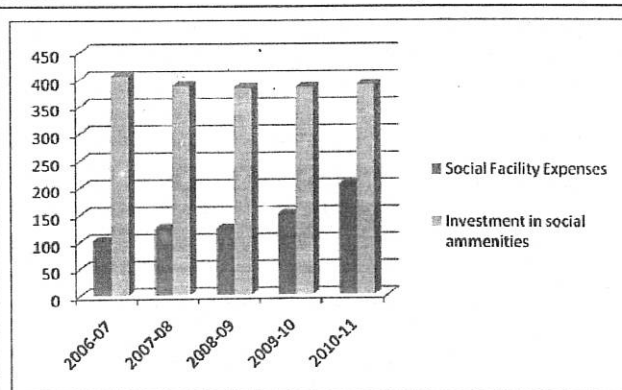
**CHART-IV**

The income tax provision made during the five years study period is reflected in the above diagram which shows an increasing trend indicating the income is in upward trend. the provision made in the year 2010-11 is highest (1429.44crore).

TABLE-V

Year-wise Social Facility Expenses and Investment in social amenities. (Rs. In Crores)

Year	Social Facility Expenses	Investment in social amenities
2006-07	101.614	406.37
2007-08	123.996	387.55
2008-09	123.541	383.99
2009-10	149.962	384.56
2010-11	205.189	389.04
Total	704.302	1951.51

**CHART-V**

Apart from creating a CSR reserve MCL has been spending consistently for social facilities and also it is investing in social amenities continuously. Looking at the chart it is evident that the expenditure both in social facilities and social amenities is in upward trend indicating the compliance of social obligation of the company.

Hypothesis Testing

To test the hypothesis five years annual turnover and Investment in social amenities (2006-07 to 2010-11) have been taken into consideration. It was found that there is a no strong correlation between the two which is -0.00118 as calculated. Applying t-test the table value was found 5.841 which is more than the calculated value of t i.e. .00354. Hence the null hypothesis is accepted and there is no significant correlation between turnover and Investment in social amenities.

Significance of Co-efficient of correlation "r" and Student's t-Test (Table-VI)

Particulars	Correlation between Annual turnover and Investment in social amenities
Correlation(r)	-0.00118
Calculated value of t	.00354
Table value of t	5.841
Significant	No
Level	5%

Conclusion

Good corporate governance itself is a social responsibility. It is evident from the above analysis and interpretation that MCL by involving itself in development of social facilities, investing in social amenities, peripheral development of different areas of operation, paying taxes timely and avoiding tax evasion, it is fulfilling its obligation to government & society at a large. Recently formulated CSR Policy of MCL includes all the Community Development activities in a broader perspective, the CSR Policy of MCL will supersede earlier policies relating to CSR, i.e., Policy for Community and Peripheral Development of MCL and incorporated part in the Policy of CIL for Payment of Grant and Donation under CSR. Thus, MCL as a mining Miniratna PSU of the country is well aware of its roles and responsibilities to emerge as a leader in CSR initiatives.

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Merger & Acquisition in Banking Industries - Some Emerging Issues

Bishnu Prasad Kar*

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Abstract

Mergers and acquisitions (M&A) in the corporate world are achieving increasing importance and attention especially in the advent of intense globalization. This is evident from the magnitude and growth of deal values and resultant 'mega-mergers' transacted in recent times. As expert advisory are sought in M&A activities to facilitate the undertaking and maximize the value of the transaction.

The world of competition is like a jungle where monsters gobble smaller ones, therefore one has to be competent enough to win the rivalry. There are evidences that large enterprises have merged smaller competitors in themselves.

The focus of this article is the determinants for synergy realization in a merger or an acquisition. The objective is to describe the actions taken by banks and relate these to the most important factors in realizing synergies in the new entity.

The model that is used relates combination potential, organizational integration, employee resistance and previous experience to synergy realization. The combination potential is affected by the strategic similarities and complementarities found in the combining entities.

Organizational integration is best conducted with a co-competence approach, i.e. a high level of integration through a fast and positive process. High employee resistance can reduce the potential for synergy realization. Actions in the areas of communication, culture and career can reduce resistance. Experience of previous mergers and acquisitions activities can facilitate synergy realization if the combination is taking place in a similar industry setting.

In whole, the article represents a good example of how an entity could act to realize synergies in a merger or acquisition. So far, most cost synergies relate to the combination of similar operations. Surprisingly, reducing costs through lay-offs was the primary method to achieve the expected savings. However, this event is still in an early phase, we expect more synergies from the combination to be realized in the future. Apart from financial aspects, this article also raises certain questions from the point of view of Human Resources Management and Organization Behavior.

KEY WORDS: *Mergers and Acquisitions, Banking industry, Motives & emerging issues.*

INTRODUCTION:

The globalization of business over the past decade has spawned a search for competitive advantage that is worldwide in scale. Companies have followed their customers – who are going global themselves – as they respond to the pressures of obtaining scale in a rapidly consolidating global economy. In combination with other trends, such as increased deregulation, privatization, and corporate restructuring, globalization has spurred an unprecedented surge in cross-border merger and acquisition activity. Cross-border mergers and acquisitions are an imperative part of the accelerated economic globalization of our time. Cross-border transaction volume now accounts for almost one-third of global M&A activity and this number will only increase as business world-wide continues to expand. The complex legal issues to be handled in such transactions encompass the coordination of different concepts of corporate governance and capital market regulations in the laws involved, as mirrored by the intense debate on M&A law making within the European Union, and for example Germany. Lawyers engaged in the M&A practice will inevitably be confronted with cross-border transactions and will have to appropriately counsel their clients in the variable aspects of the law.

Mergers and acquisitions (M&A) and corporate restructuring are a big part of the corporate finance world. Every day, Wall Street investment bankers arrange M&A transactions, which bring separate companies together to form larger ones.

When they're not creating big companies from smaller ones, corporate finance deals do the reverse and break up companies through spin-offs, carve-outs or tracking stocks.

OBJECTIVES:

- To discuss the needs of merger & acquisition in banking industry.
- To review M&A motives and success factors.
- To analyze emerging issues in merger & Acquisitions.

RESEARCH METHODOLOGY:

This work is based on secondary data. The data used has been collected from various secondary sources like books, journal, newspaper, & websites of banks, RBI.

The accuracy of the study is limited to the accuracy of these sources.

MERGERS & ACQUISITIONS AN OVERVIEW:

The topic of mergers & acquisitions (M&A) has been increasingly investigated in the literature in the last two decades (Appelbaum et al., 2007) in response to the rise in M&A activities as well as the increasing complexity of such transactions themselves (Gaughan, 2002).

DEFINITION OF MERGERS & ACQUISITIONS:

Mergers & acquisitions (M&A), in the broad sense, may imply a number of different transactions ranging from the purchase and sales of undertakings, concentration between undertakings, alliances, cooperation and joint ventures to the formation of companies, corporate succession/ensuring the independence of businesses, management buy-out and buy-in, change of legal form, initial public offerings and even restructuring (Picot, 2002, p.15). However, Nakamura (2005) explains that using a broad definition of M&A could lead to confusion and misunderstanding as it entails everything from pure mergers to strategic alliance. The definition of M&A in a narrower sense as clarified below.

- Merger is the combination of two or more companies in creation of a new entity or formation of a holding company (European Central Bank, 2000, Gaughan, 2002, Jagersma, 2005).
- Acquisition is the purchase of shares or assets on another company to achieve a managerial influence (European Central Bank, 2000, Chunlai Chen and Findlay, 2003), not necessarily by mutual agreement (Jagersma, 2005).

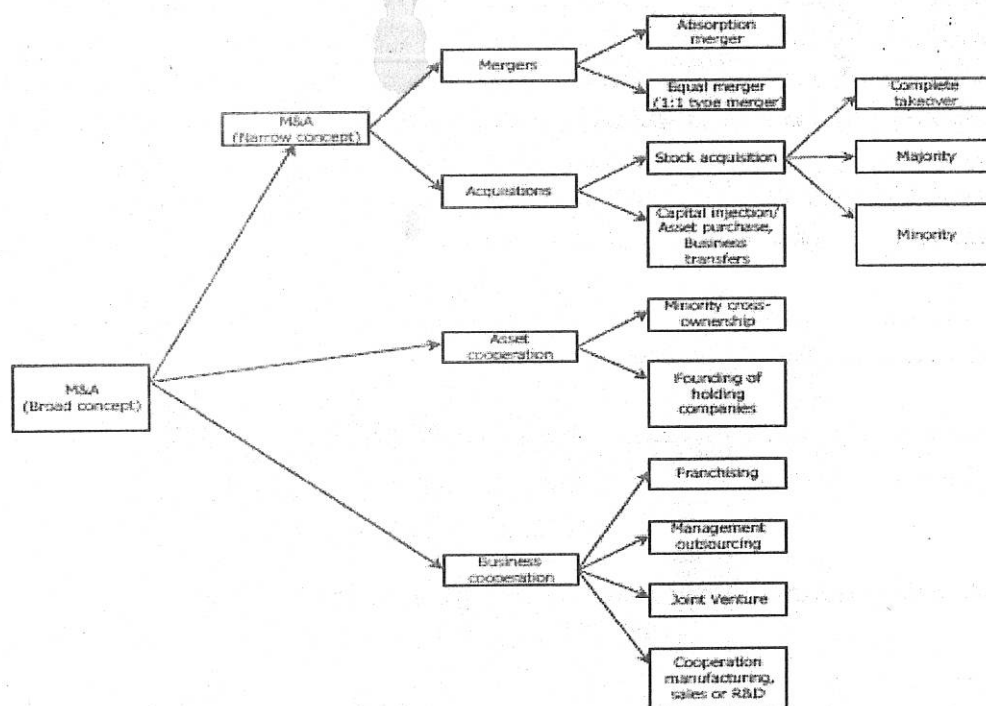


Figure 1: The definition of mergers & acquisitions.

In addition, the model developed by Nakamura (2005) is employed to provide clear understanding about the definition of M&A in a narrow concept, as shown in Figure 2.1.

Mergers are commonly referred to as either 'merger by absorption' or 'merger by establishment' (Chunlai Chen and Findlay, 2003, Nakamura, 2005). Merger by absorption is the situation in which one company buys all stocks of one or more companies (i.e., absorbing) and the absorbed companies cease to exist whereas merger by establishment refers to the case where two or more firms are merged into a newly created one and the combining firms in the merger are dissolved (Chunlai Chen and Findlay, 2003). According to Nakamura (2005) merger by absorption could be considered as a de facto acquisition. Besides, the term 'consolidation' could be used to imply a merger by establishment (Gaughan, 2002).

In acquisition, the acquiring company may seek to acquire a significant share of stocks or assets of the target company. Consequently, there are two forms of acquisitions: assets acquisitions and share acquisitions (Chunlai Chen and Findlay, 2003). An asset acquisition occurs when a company purchases all or part of the target company's assets and the target remains as a legal entity after the transaction whereas in a share acquisition a company buys a certain share of stocks in the target company in order to influence the management of the target company. Depending on the significance of the share of stocks acquired by the acquiring company, acquisitions are then classified into three types: (1) complete take over (100% of target's issued shares), (2) majority (50-99%), and (3) minority (less than 50%) (Chunlai Chen and Findlay, 2003, Nakamura, 2005)

CLASSIFICATION OF MERGERS & ACQUISITIONS:

In the view of M&A transactions from the perspective of the value chain, M&A can be classified as horizontal, vertical or conglomerate (Gaughan, 2002, Chunlai Chen and Findlay, 2003). In horizontal M&A, the acquiring and the target companies are competing firms in the same industry. According to Chunlai Chen and Findlay (2003), horizontal M&A has grown rapidly over recent years due to global restructuring of many industries in response to technological change and liberalization. This trend is observed in such industries as pharmaceuticals, automobile and petroleum. The merger of US\$76 billion transaction value between the two giant pharmaceutical companies, Glaxo and SmithKline Beecham, is a good example for M&A under this category (MANDA, 2007). Vertical M&A are combinations of firms in client-supplier or buyer-seller relationships. The firms involved seek to reduce uncertainty and transaction costs by upstream and downstream linkages in the value chain and to benefit from economies of scope (Chunlai Chen and Findlay, 2003). Lastly, a company may attempt to diversify risks and attain economies of scope by engaging in conglomerate M&A transactions where involving companies operate in unrelated businesses. An example

of conglomerate M&A is Philip Morris, a tobacco company, which acquired General Foods in 1985 for US\$5.6 billion (Gaughan, 2002).

In addition, M&A could also be classified as 'friendly' or 'hostile' (Chunlai Chen and Findlay, 2003). When an M&A transaction is undertaken in a friendly manner, the board of the target company agrees to the transaction. On the contrary, a hostile deal is one that pits the offer against the wishes of the target, since the board of the target refuses the offer.

Last but not least, M&A transactions could be either domestic or cross-border with regards to where the companies involved base and operate. A cross-border M&A transaction involves two firms located in different economies, or two firms operating within one economy but belonging to two different countries (Chunlai Chen and Findlay, 2003). Accordingly, in domestic M&A transactions, the firms involved originate from one country and operate in that economy-country.

M&A classification in terms of		
<i>Value chain</i>	<i>Relationship</i>	<i>Economic area</i>
<ul style="list-style-type: none"> • Horizontal M&A • Vertical M&A • Conglomerate M&A 	<ul style="list-style-type: none"> • Friendly M&A • Hostile M&A 	<ul style="list-style-type: none"> • Domestic M&A • Cross-border M&A

Figure 2: Classification of merger & acquisition transactions.

Source: Adapted from Nakamura (2005, p.18)

MOTIVES OF MERGER & ACQUISITION

The literature on M&A has placed a significant amount of efforts on exploring the motives of firms engaging in M&A transactions. Trautwein (1990) marks that M&A makers frequently cite synergy and valuation (the deal having a positive Net Present Value) objectives to justify their actions. Unsurprisingly, there are neither claims that the motive is to achieve monopoly power nor instances where managers refer their own benefits to justify an M&A deal. Trautwein (1990) also note that there is little evidence in both practice and research on the motives implied by the process and the raider theories. On the other hand, Gaughan (2002) takes a more pragmatic view to identify M&A motives by referring back to theories but heavily supporting with multiple empirical case studies. According to this author, four main motives are:

- M&A is considered as a means for firms to grow quickly;

- M&A firms hope to experience economic gains as a result of economies of scale or scope;
- a larger firm as a result of M&A may have a better access to capital market, which later leads to a lower cost of capital, i.e., financial benefits; and
- M&A is aimed at anticipated gains which a firm may experience when applying its superior management skills to the target's business.

THE MERGER & ACQUISITION PROCESS:

It is found in literature that the M&A process are described slightly differently by different authors. According to Picot (2002), a typical M&A transaction goes through three phases: (1) planning, (2) implementation and (3) integration.

In the planning phase, the overall plan for the transaction is developed "in the most interdisciplinary and comprehensive manner possible" (Picot, 2002, p.16). Planning covers the operational, managerial and legal techniques and optimization with special regards to the two following phases.

The implementation phase covers a range of activities starting from the issuance of confidentiality or non-disclosure agreements, letter of intent and ending with the conclusion of the M&A contract and deal closure.

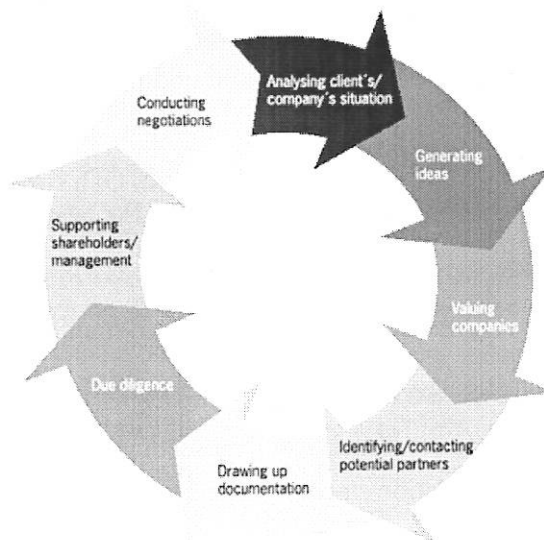
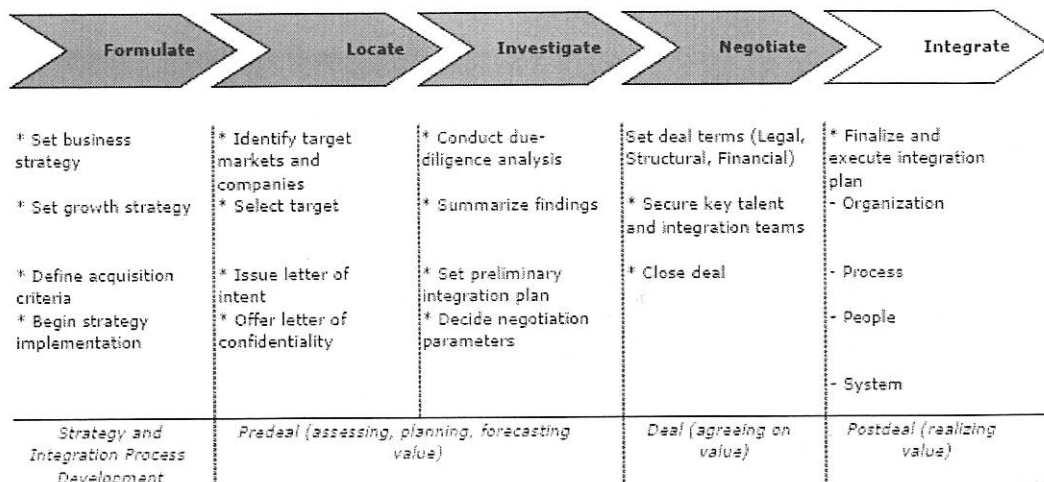
The last phase is concerned with post-deal integration. Of a similar manner is the Watson Wyatt Deal Flow Model introduced by Galpin and Herndon (2000), the two practitioners at Watson Wyatt Worldwide.

However, their model breaks down the process into five smaller stages namely

"Formulate, Locate, Investigate, Negotiate and Integrate".

The most significant milestone is when the two transacting firms sign the agreement, finishing the deal and entering the integration stage. The first three stages then belong to the pre-deal phase while '**Negotiate**' represents the deal phase which ends when the above milestone is achieved, and the post-deal phase only contains the last stage termed '**Integrate**'. The Watson Wyatt model includes in the first stage 'Formulate' for the setting of business strategy as well as growth strategy; however, this step is missing in the planning phase of Picot's model. This addition could be considered as an attempt to give a more strategic insight into the M&A deal.

Figure 3: Map of merger & acquisition process



Source: Adapted from Galpin and Herndon (2000, p.9)

Merger & Acquisition in Banking Industry

The Banking system of India was started in 1770 and the first Bank was the **Indian Bank known as the Bank of Hindustan**. Later on some more banks like the Bank of Bombay-1840, the Bank of Madras-1843 and the Bank of Calcutta-1840 were established under the charter of British East India Company. These Banks were merged in 1921 and took the form of a new bank known as the Imperial Bank of India.

For the development of banking facilities in the rural areas the Imperial Bank of India partially nationalized on 1 July 1955, and named as the State Bank of India along with its 8 associate banks (at present 7). Later on, the State Bank of Bikaner and the State Bank of Jaipur merged and formed the State Bank of Bikaner and Jaipur. The Indian banking sector can be divided into two eras, the pre liberalization era and the post liberalization era. In pre liberalization era government of India nationalized 14 Banks on 19 July 1969 and later on 6 more commercial Banks were nationalized on 15 April 1980. In the year 1993 government merged The New Bank of India and The Punjab National Bank and this was the only merger between nationalized Banks, after that the numbers of nationalized Banks reduced from 20 to 19.

In post liberalization regime, government had initiated the policy of liberalization and licenses were issued to the private banks which lead to the growth of Indian Banking sector.

The Indian Banking Industry shows a sign of improvement in performance and efficiency after the global crisis in 2008-09. The Indian Banking Industry is having far better position than it was at the time of crisis. Government has taken various initiatives to strengthen the financial system. The economic recovery gained strength on the back of a variety of monetary policy initiatives taken by the Reserve Bank of India.

Recently, on 13th August 2010, the process of M&As in the Indian banking sector passes through the Bank of Rajasthan and the ICICI Bank. Moreover, the HDFC Bank acquired the Centurion Bank of Punjab on 23 May 2008. The Reserve Bank of India sanctions the scheme of mergers of the ICICI Bank and the Bank of Rajasthan. After the merger the ICICI Bank replaced many banks to occupy the second position after the State Bank of India (SBI) in terms of assets in the Indian Banking Industry.

NEED OF MERGERS AND ACQUISITIONS IN BANKING INDUSTRY:

It is observed in literature that most of the work done on mergers and acquisition is based on financial & accounting aspect like performance of banking institutions based on. Devos, Kadapakkam. & Krishnamurthy (2008) studied M&A as value creation, efficiency improvements as explanations for synergies and produced evidence that suggests mergers generate gains by improving resource allocation rather than by reducing tax payments of

increasing the market power of the combined firm. Kemal (2011) has used accounting ratios to compare the post-merger profitability of two banks i.e. RBS and ABNAMRO. DeLong (2003) studied sample of 54 bank mergers announced between 1991 and 1995, tests several facets of focus and diversification. The study found that upon announcement, the market rewards the merger of partners that focus their geography and activities and earning stream. Only of these facets, focusing earning streams enhances long-term performance. Shanmugam & Nair (2004) identified factors in their study on mergers and acquisitions of banks in Malaysia like globalization, liberalization and information technology developments have contributed to the need for a more competitive, resilient and robust financial systems.

There are few efforts have been made to measure the impact of bank's M&A on their employees and staff. However, apart from this some efforts have been made to study the state of customers in the course of M&A. Acquisitions often have a negative impact on employee behavior resulting in counterproductive practices, absenteeism, low morale, and job dissatisfaction. It appears that an important factor affecting the successful outcome of acquisitions is top management's ability to gain employee trust. Panwar (2011) studied ongoing merger trends in Indian banking from the viewpoint of two important stakeholders of a banking firm- stockholders and managers. The findings shows that the trend of consolidation in Indian banking industry has so far been limited mainly to restructuring of weak banks and harmonization of banks and financial institutions. Voluntary mergers demonstrating market dynamics are very few. She concluded that Indian financial system requires very large banks to absorb various risks emanating from operating in domestic and global environments.

THE MOTIVES AND RATIONALE FOR MERGERS OF BANKS:

Market Leadership

The merger can enhance value for shareholders of both companies through the amalgamated entity's access to greater number of market resources. With addition to market share a company can afford to control the price in better manner with a consequent increase in profitability.

Growth and Diversification

Companies that desire rapid growth in size or market share or diversification in the range of their products may find that a merger can be used to fulfill the objective instead of going through the volume consuming process of internal growth or diversification. The firm may achieve the same objective in a short period by merging with an existing firm. In addition, such a strategy is often less costly than the alternative of developing the necessary production capability and capacity.

Synergy Implies a situation where the combined firm is more valuable than the sum of the individual combining firms. It refers to benefits other than those related to economies of scale. Operating economies are one form of synergy benefits.

Risk

Managing Bankruptcy and organizational risks, recent studies have established that if merger and acquisitions in banks if allowed in a controlled manner would significantly reduce the bankruptcy risk of the merged entity. Obviously, mergers would also provide these benefits to banks in India reducing their bankruptcy concerns.

Economies of Scale

With the help of mergers and acquisitions in the banking sector, the banks can achieve significant growth in their operations and minimize their expenses to a considerable extent. Another important advantage behind this kind of merger is that in this process, competition is reduced because merger eliminates competitors from the banking industry.

Economies of Scope

An ability to grow products and segments and an opportunity to cross sell would enhance revenue. This could also result in more geographic growth.

Strategic Integration

Considering the complementary nature of the businesses of the concerned companies, in terms of their commercial strengths, geographic profiles and site integration, the amalgamated entity may be able to conduct operations in the most cost efficient manner. The merger can also enable maximum utilization of various infrastructural and manufacturing assets, including utilities and other site facilities.

BENEFITS OF MERGER TO BANKS:

The following benefits of mergers to the all participants.

- Sick banks survived after merger.
- Enhanced branch network geographically.
- Larger customer base (rural reach).
- Increased market share.
- Attainment of infrastructure.

HAPPENINGS OF MERGER & ACQUISITION IN INDIAN BANKING INDUSTRIES

List of Merger & acquisition in Indian banking Industries in the pre-liberalization era

No	Name of the Transferor Bank	Name of the Transferee Bank	Date of Merger
1	Bank of Bihar Ltd.	State Bank of India	November 8, 1969
2	National Bank of Lahore Ltd.	State Bank of India	February 20, 1970
3	Miraj State Bank Ltd.	Union Bank of India	July 29, 1985
4	Lakshmi Commercial Bank Ltd	Canara Bank	August 24, 1985
5	Bank of Cochin Ltd.	State Bank of India	August 26, 1985
6	Hindustan Commercial Bank Ltd.	Punjab National Bank	December 19, 1986
7	Traders Bank Ltd	Bank of Baroda	May 13, 1988
8	United Industrial Bank Ltd.	Allahabad Bank	October 31, 1989

Source: Report on Trend and Progress, RBI, Various Issues, VIII competition and consolidation, 04 Sep 2008.

List of Merger & acquisition in Indian banking Industries in the post liberalization era.

No	Name of the Transferor Bank	Name of the Transferee Bank	Date of Merger
1.	Bank of Tamilnadu Ltd.	Indian Overseas Bank	February 20, 1990
2.	Bank of Thanjavur Ltd	Indian Bank	February 20, 1990
3.	Parur Central Bank Ltd.	Bank of India	February 20, 1990
4.	Purbanchal Bank Ltd	Central Bank of India	August 29, 1990
5.	New Bank of India	Punjab National Bank	September 4, 1993
6.	Bank of Karad Ltd	Bank of India	1993-1994
7.	Kashi Nath Seth Bank Ltd.	State Bank of India	January 1, 1996
8.	Bari Doab Bank Ltd	Oriental Bank of Commerce	April 8, 1997
9.	Punjab Co-operative Bank Ltd	Oriental Bank of Commerce	April 8, 1997
10.	Bareilly Corporation Bank Ltd	Bank of Baroda	June 3, 1999
11.	Sikkim Bank Ltd	Union Bank of India	December 22, 1999
12.	Times Bank Ltd	HDFC Bank Ltd	February 26, 2000
13.	Bank of Madurai Ltd.	ICICI Bank Ltd.	March 10, 2001
14.	ICICI Ltd	ICICI Bank Ltd	May 3, 2002
15.	Benares State Bank Ltd	Bank of Baroda	June 20, 2002
16.	Nedungadi Bank Ltd.	Punjab National Bank	February 1, 2003
17.	South Gujarat Local Area Bank Ltd.	Bank of Baroda	June 25, 2004
18.	Global Trust Bank Ltd.	Oriental Bank of Commerce	August 14, 2004
19.	IDBI Bank Ltd.	IDBI Ltd	April 2, 2005
20.	Bank of Punjab Ltd.	Centurion Bank Ltd	October 1, 2005
21.	Ganesh Bank of Kurundwad Ltd	Federal Bank Ltd	September 2, 2006
30	United Western Bank Ltd.	IDBI Ltd.	October 3, 2006
22.	Bharat Overseas Bank Ltd.	Indian Overseas Bank	March 31, 2007
23.	Sangli Bank Ltd.	ICICI Bank Ltd.	April 19, 2007
24.	Lord Krishna Bank Ltd.	Centurion Bank of Punjab Ltd.	August 29, 2007
25.	Centurion Bank of Punjab Ltd.	HDFC Bank Ltd	May 23, 2008
26.	The Bank of Rajasthan	ICICI Bank Ltd	August 13, 2010

Source: Report on Trend and Progress, RBI, Various Issues, VIII competition and consolidation, 04 Sep 2008.

Key M&A Deals 2000 onwards: Some Case Studies

The cases chosen for the purpose of this study were selected based on their prominence and recency (all post-2000) to ensure that the motives driving the deals will remain relevant in the current context.

HDFC Bank Acquires Centurion Bank of Punjab (May '08)

Intent

For HDFC Bank, this merger provided an opportunity to add scale, geography (northern and southern states) and management bandwidth. In addition, there was a potential of business synergy and cultural fit between the two organizations.

For CBoP, HDFC bank would exploit its underutilized branch network that had the requisite expertise in retail liabilities, transaction banking and third party distribution. The combined entity would improve productivity levels of CBoP branches by leveraging HDFC Bank's brand name.

Benefits

The deal created an entity with an asset size of Rs 1,09,718 crore (7th largest in India), providing massive scale economies and improved distribution with 1,148 branches and 2,358 ATMs (the largest in terms of branches in the private sector). CBoP's strong *SME relationships complemented HDFC Bank's bias towards high-rated corporate entities*.

There were significant cross-selling opportunities in the short-term. CBoP management had relevant experience with larger banks (as evident in the Centurion Bank and BoP integration earlier) managing business of the size commensurate with HDFC Bank.

Drawbacks

The merged entity will not lend home loans given the conflict of interest with parent HDFC and may even sell down CBoP's home-loan book to it. The retail portfolio of the merged entity will have more by way of unsecured and two-wheeler loans, which have come under pressure recently.

Bank of Baroda Acquires South Gujarat Local Area Bank Ltd (June '04)

Intent

According to the RBI, South Gujarat Local Area Bank had suffered net losses in consecutive years and witnessed a significant decline in its capital and reserves⁵. To tackle this, RBI first passed a moratorium under Section 45 of the Banking Regulation Act 1949 and then, after extending the moratorium for the maximum permissible limit of six months⁶, decided that all seven branches of SGLAB function as branches of Bank of Baroda. The final decision about

the merger was of the Government of India in consultation with the RBI. Bank of Baroda was against the merger, and protested against the forced deal⁷.

Benefits

The clients of SGLAB were effectively transferred to Bank of Baroda, deriving the advantage of dealing with a more secure and bigger bank. SGLAB did not benefit much, except that it was able to merge with a bigger bank and able to retain its branches and customers, albeit under a different name. Since BoB was a large entity (total assets of Rs. 793.2 billion at the time of merger), addition of a small liability did not affect it much. Albeit minor, it obtained seven more branches and the existing customers of SGLAB. This further strengthened its position in rural Gujarat.

Drawbacks

There was no widespread criticism or any apparent drawback of the merger since the financials involved were not very high.

ICICI Bank Ltd. Acquires Bank of Madurai (March '01)

Intent

ICICI Bank Ltd wanted to spread its network, without acquiring RBI's permission for branch expansion. BoM was a plausible target since its cash management business was among the top five in terms of volumes. In addition, there was a possibility of reorienting its asset profile to enable better spreads and create a more robust micro-credit system post-merger.⁸

BoM wanted a (financially and technologically) strong private sector bank to add shareholder value, enhance career opportunities for its employees and provide first rate, technology-based, modern banking services to its customers.

Benefits

The branch network of the merged entity increased from 97 to 378, including 97 branches in the rural sector.⁹ The Net Interest Margin increased from 2.46% to 3.55 %. The Core fee income of ICICI almost doubled from Rs 87 crores to Rs 171 crores. IBL gained an additional 1.2 million customer accounts, besides making an entry into the small and medium segment. It possessed the largest customer base in the country, thus enabling the ICICI group to cross-sell different products and services.

Drawbacks

Since BoM had comparatively more NPAs than IBL, the Capital Adequacy Ratio of the merged entity was lower (from 19% to about 17%). The two banks also had a cultural misfit with BoM having a trade-union system and IBL workers being young and upwardly mobile,

unlike those for BoM. There were technological issues as well as IBL used Banks 2000 software, which was very different from BoM's ISBS software. With the manual interpretations and procedures and the lack of awareness of the technology utilisation in BoM, there were hindrances in the merged entity.

Oriental Bank of Commerce Acquires Global Trust Bank Ltd (August '04)

Intent

For Oriental Bank of Commerce there was an apparent synergy post merger as the weakness of Global Trust Bank had been bad assets and the strength of OBC lay in recovery.¹⁰ In addition, GTB being a south-based bank would give OBC the much-needed edge in the region apart from tax relief because of the merger. GTB had no choice as the merger was forced on it, by an RBI ruling, following its bankruptcy.

Benefits

OBC gained from the 104 branches and 276 ATMs of GTB, a workforce of 1400 employees and one million customers. Both banks also had a common IT platform. The merger also filled up OBC's lacunae - computerisation and high-end technology. OBC's presence in southern states increased along with the modern infrastructure of GTB.

Drawbacks

The merger resulted in a low CAR for OBC, which was detrimental to solvency. The bank also had a lower business growth (5% vis-a-vis 15% of peers). A capital adequacy ratio of less than 11 per cent could also constrain dividend declaration, given the applicable RBI regulations.

Motives Behind Consolidation

Based on above cases, we can narrow down the motives behind M&As to the following :

- *Growth* - Organic growth takes time and dynamic firms prefer acquisitions to grow quickly in size and geographical reach.
- *Synergy* - The merged entity, in most cases, has better ability in terms of both revenue enhancement and cost reduction.
- *Managerial efficiency* - Acquirer can better manage the resources of the target whose value, in turn, rises after the acquisition.
- *Strategic motives* - Two banks with complementary business interests can strengthen their positions in the market through merger.
- *Market entry* - Cash rich firms use the acquisition route to buyout an established player in a new market and then build upon the existing platform.

- *Tax shields and financial safeguards* - Tax concessions act as a catalyst for a strong bank to acquire distressed banks that have accumulated losses and unclaimed depreciation benefits in their books.
- *Regulatory intervention* - To protect depositors, and prevent the de-stabilisation of the financial services sector, the RBI steps in to force the merger of a distressed bank.

Future of M&A in Indian Banking

In 2009, further opening up of the Indian banking sector is forecast to occur due to the changing regulatory environment (proposal for upto 74% ownership by Foreign banks in Indian banks). This will be an opportunity for foreign banks to enter the Indian market as with their huge capital reserves, cutting-edge technology, best international practices and skilled personnel they have a clear competitive advantage over Indian banks. Likely targets of takeover bids will be Yes Bank, Bank of Rajasthan, and IndusInd Bank. However, excessive valuations may act as a deterrent, especially in the post-sub-prime era.

Persistent growth in Indian corporate sector and other segments provide further motives for M&As. Banks need to keep pace with the growing industrial and agricultural sectors to serve them effectively. A bigger player can afford to invest in required technology. Consolidation with global players can give the benefit of global opportunities in funds' mobilisation, credit disbursal, investments and rendering of financial services. Consolidation can also lower intermediation cost and increase reach to underserved segments.

The Narasimhan Committee (II) recommendations are also an important indicator of the future shape of the sector. There would be a movement towards a 3-tier structure in the Indian banking industry: 2-3 large international banks; 8-10 national banks; and a few large local area banks.

In addition, M&As in the future are likely to be more market-driven, instead of government-driven.

EMERGING ISSUES IN M&As:

Growth is an ongoing process that reflects various issues pertaining to the various dimensions of business. Mergers in any industry are prerequisite for growth but it surely affects the customers, employees, shareholders and all concerned departments. There are studies, which reveal significant relationships between mergers and constituents of business. The following emerging issues that are required in order to successfully implement merger.

Employees' Perception

There is an evidence of employees' agitation and strike resultant of merger of the Bank. the delicate aspect of employees' attitudes, their satisfaction and motivation, which are posited as prerequisites for customer satisfaction, which is, again necessary for the competitive sustenance of the organization.

Branch Size

According to Mylonakis (2006a), an important parameter in the relationship between the number of branches and employment is branch size. He has used most well-known indicators for the evaluation of staff efficiency in banking sector *i.e.* operating revenue per employee, personnel expenses per employee and pre-tax profits to personnel expenses.

Communication

The variables that bear an impact on managerial trustworthiness, for example frequent communication before and after acquisition, and the already existing qualities of employee relations seem to play the most important role. Therefore, a carefully planned, employee-centered communication programme, together with a good level of employee relations, seem to form the basis for a successful outcome as far as employee relations in the face of mergers and acquisitions is concerned. Providing clear, consistent, factual sympathetic and up-to-date information in various ways will increase the coping abilities of employees, which will in turn increase their productivity. This increased productivity will positively affect firm's performance and create sustained competitive advantage by achieving the projected strategic fit and synergies.

Change Management Strategies

The change that occurs as a result of a merger is imposed on the leaders themselves. In this respect, the success of a merger depends on individual's perceptions about the manner in which the process is handled and the direction in which the culture is moved.

Human Resource Management

Poor merger results are often attributed to HRM and organizational problems, and that several factors related to maintaining workforce stability are identified as important in managing HRM risk. The organizations with elite and potential leader, when complemented by human resource effectiveness, had a better financial performance as compared to other organizations. At the end, it was concluded that to achieve better financial results by undertaking merger and acquisition activities organizations need to have elite or leadership value profile.

CONCLUSION:

M&A activities have developed significantly since its first appearance in a high frequency at the end of the 19th century. The world observes a sharp rise in M&A activities in the past decade, marking the fifth M&A wave with 'mega-mergers'.

Mergers and acquisitions (M&As) are considered as corporate events which helps an organization to create synergy and provide sustainable competitive advantage, but, simultaneous these sorts of corporate events have the potential to create severe personal trauma and stress which can result in psychological, behavioral, health, performance, and survival problems for both the individuals and companies, whether it is a bank or a non banking financial corporation, involved in it.

Banking sector is one of the fastest growing areas in the developing economies. M&A is discussed as one of the most useful tool for growth. Indian economy has witnessed fast pace of growth post liberalization era and banking is one of them. M&A in banking sector has provided evidences that it is the useful tool for survival of weak banks by merging into larger bank. It is found in our study that small and local banks face difficulty in bearing the impact of global economy therefore, they need support and it is one of the reasons for merger. Some private banks used mergers as a strategic tool for expanding their horizons.

Based on the trends in the banking sector and the insights from the cases highlighted in this study, one can list some steps for the future which banks should consider, both in terms of consolidation and general business. Firstly, banks can work towards a synergy-based merger plan that could take shape latest by 2009 end with minimization of technology-related expenditure as a goal.

There is also a need to note that merger or large size is just a facilitator, but no guarantee for improved profitability on a sustained basis. Hence, the thrust should be on improving risk management capabilities, corporate governance and strategic business planning. In the short run, attempt options like outsourcing, strategic alliances, etc. can be considered. Banks need to take advantage of this fast changing environment, where product life cycles are short, time to market is critical and first mover advantage could be a decisive factor in deciding who wins in future. Post-M&A, the resulting larger size should not affect agility. The aim should be to create a nimble giant, rather than a clumsy dinosaur. At the same time, lack of size should not be taken to imply irrelevance as specialized players can still seek to provide niche and boutique services.

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