



Durgadevi Saraf  
**institute of management studies**  
WE CREATE LEADERS



Remsons Group  
**management research centre**  
MANAGEMENT RESEARCH

Conference Proceedings of  
**Remsons International Conference**  
on  
**Sustainability Growth &  
Corporate Governance  
- Way Ahead**

Organised on

**24<sup>th</sup> March, 2018**

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# Editorial Board

## Editor

Dr. Sharad Kumar, Dean and Remsons Chair Professor for Management Research  
[sharad.kumar@dsims.org.in](mailto:sharad.kumar@dsims.org.in)

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Ms. Pooja Goswami, [pooja.goswami@dsims.org.in](mailto:pooja.goswami@dsims.org.in)

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Durgadevi Saraf Institute of Management Studies, RSET Campus,  
S V Road, Malad (West), Mumbai - 400 064, Maharashtra, India

PH: 22 4520 7711 Extn - 2318/2351/2352/3505

Email : [sunita.pujar@dsims.org.in](mailto:sunita.pujar@dsims.org.in)

## INAUGURAL SPEECH

**Mr Krishna Kejriwal (CMD, Remsons Industries Ltd.)**



**Our Guest of Honour** - Professor Hugh Munro, Professor of Marketing & International Business at Wilfred Laurier University, Canada

**Shri Ashok Saraf** - President - Rajasthani Sammelan Education Trust & Chairman - Management Council of Durgadevi Saraf Institute of Management Studies

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**Dr. C. Babu** - Director - Durgadevi Saraf Institute of Management Studies

**Dr. Sharad Kumar** Chief Convener of today's conference and - Dean - Academics & Research - Durgadevi Saraf Institute of Management Studies.

Thank you for according me the privilege and honour to present the inaugural address at this Remsons International Conference on Sustainability, Growth & Corporate Governance - Way Ahead. I am sure a lot of thought process would have been involved in defining the topic to today's conference. Sustainability, Growth, Corporate Governance - you could probably design a conference on each of the three individual words. However if we are seeking a positive way ahead, then these three words become synonymous. Without sustainability there can be no growth, without growth there can be no sustainability and without corporate governance there cannot be effective sustainability or growth. I do feel that the word corporate governance may be a bit misleading as

the word corporate tends to imply only business entities. To my mind, be it an individual, a non-profit organization, an institution, a business entity or even a country, for charting a positive and successful way ahead, only adherence to principles of corporate governance can lead to effective sustainability and growth. Indeed, if the vision of our Prime Minister - “Sabka Saath, Sabka Vikas” has to be realized, it can only happen through the laid down and constantly evolving guidelines of corporate governance.

Stepping back into the corporate world, most business entities tend to become enamored and lulled into complacency with their own past achievements and success. We tend to become accustomed to the titles of market leaders, technology leaders, etc. forgetting the qualities that got us there. We become accustomed to our dominance forgetting that what got us there was vision backed by innovation, hard work, quality products, wise investments and the ability to motivate and carry people along with us. We tend to ignore the fact that you are only as successful as what you have done today and what is your vision for tomorrow. We have to constantly reinvent and gear ourselves to respond to changing times with new and constantly changing business models.

It has become almost impossible to sustain current business without adequate growth. Without growth, rising costs will ensure that the bottom line enters and stays in the red zone and as profitability disappears so will current business. A decade or a decade and half ago this growth was achieved by securing additional volumes, maybe at reduced margins still allowing businesses to remain in existence. However even this comfort zone has now disappeared. The exponential growth in technology has introduced a new threat. Threat of obsolescence. Obsolescence of product as well as obsolescence of manufacturing process.

Business models and organization structures will now need to factor changes to adapt to the digital transformation of industries. From intelligent robots and self-driving cars to 3D printing and even gene editing, dramatic technological change is happening at lightning speed all around us. Just a decade or decade

and half earlier, when any new technology was introduced in the Automobile Industry in the western world, we in India used to complacently pass it off, assuming that high costs associated with the new technology would insulate the Indian market from opting for the change for at least another 10-15 years. This scenario has now changed. Globalization and customer demand has ensured that such improvements, advancements are mandated in the Indian market within a year or two. This time gap is only bound to shrink further. What is being termed as the Fourth Industrial Revolution is being driven by a staggering range of new technologies that are blurring the boundaries between people, the internet and the physical world. It is a convergence of the digital, physical and biological spheres.

All these factors have thrown up enormous challenges for the Indian entrepreneurs. We will have to keep abreast of technology changes occurring anywhere in the world and timely decide on the relevance of current product and or current process. In the event of impending obsolescence, decisions on diversification will have to be evaluated. New business models will have to be strategized and developed. Along with long term strategy's, short term strategy's will have to be constantly worked upon. Keeping abreast and changing strategy by factoring in constantly evolving technology is the challenge of today. Research and intelligent data analysis will have to be a part of any decision. Suitable business analytical tools will have to be used to support such decisions. This will be the only way ahead for sustainability and growth.

Long term sustainability and growth cannot be achieved without corporate governance. Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law. Good governance is responsive to the present and future needs of the organization, exercises prudence in policy-setting and decision-making, and that the best interests of all stakeholders are taken into account.

Generally, Corporate Governance refers to practices by which organizations are controlled, directed and governed. The fundamental concern of Corporate Governance is to ensure the conditions whereby organization's directors and manager's act in the interest of the organization and its stakeholders and to ensure the means by which managers are held accountable to capital providers for the use of assets. To achieve the objectives of ensuring fair corporate governance, all Governments have put in place statutory frameworks.

Ever since India's biggest-ever corporate fraud and governance failure unearthed at Satyam Computer Services Limited, the concerns about good Corporate Governance have increased phenomenally. Laws are constantly evolving to ensure that such type of frauds do not repeat and the wealth of the stakeholders are more secured.

**Report of Chief Convenor and Remsons Chair Professor  
Dr. Sharad Kumar, Dean Academics, DSIMS**

It is my pleasure to have you all to the 5th Remsons International Conference on Sustainability, Growth & Corporate Governance – Way Ahead

The theme includes three key words viz. sustainability, growth and corporate governance:

- Sustainability deals with the profit, people and environment. It is the pre-condition for business growth.
- Growth is the stage when the business is getting ready for expansion and seeks additional options to generate more profit, boosting the top line or revenue with higher product sales.
- Corporate Governance of a company helps in providing the value to its stakeholders, by adopting ethical business practices and transparency. Effective Corporate Governance has become the necessity to meet the expectations of all its stakeholders including the Customers and the Society at large.

The speed of change has been phenomenal in recent past due to technological advancements, high customer expectations, globalisation and extensive competition. Businesses are now operating in a volatile, uncertain, complex and ambiguous (VUCA) business environment. Thus, the sustainability, growth and corporate governance assume a great significance in today's era to remain relevant in the business.

This conference is being organized under the aegis of Remsons Centre for Management Research at DSIMS.

The Remsons Centre for Management Research is focusing on developing contemporary and usable research in various areas of Management.

This Centre is set up to bring academic relevance to industry practices with the help of the generous donation from Remsons Group of Companies. It is set up by Late Shri Vishva Prakashji Harlalka in the memory of his mother Smt. Radhadevi Harlalka.

## **Research Activities of Remsons Centre For Management Research**

DSIMS encourages its faculty and students for undertaking practical research to address issues faced by corporates and industry. Our faculty members are extensively engaged in research. Most of our faculties bring out good research, present papers in the conferences, develop good case studies, etc They have published in national and international journals, presented research papers both in India and abroad and developed case studies; some of which have been published at International level. Out of 24 faculty members in DSIMS, 14 have Ph.D. degrees, which is quite high as per the industry standard. We provide financial incentives to those who obtain Ph.D. and produce good research as a part of our motivational and retention strategy. Our faculty members also encourage the students to write research papers jointly with them and publish them in good journals.

We are in the process of setting up a Case Study Centre at DSIM under Reasons Centre for Management Research to create a depository of case studies.

## **Faculty Development Programs (FDPs)**

To encourage the research and enhance the research capabilities of our faculty members, we depute our faculty members for training to IIMs and other premier institutions to undergo training in research methodology and Harvard case study workshops.

## **Background Of Our Earlier Conferences**

Our conferences are attended by the academia, researchers and corporates to share their knowledge, views and research findings on contemporary issues.

Our 1<sup>st</sup> conference was held in 2014 on the theme of Rise of Asia – Opportunities and Challenges which was inaugurated by Dr. Lie Yufa, Consul General of People’s Republic of China, It emerged that the Asia was going to play a dominant role in worlds economic development.

The 2<sup>nd</sup> conference was held last year on Outsourcing Strategy – A New Paradigm, which was inaugurated by Mr. Prashant Saran, Member, SEBI. Through various presentations it was evident that the outsourcing is going to be the integral part of business strategy. Special coverage was given to the off-shore outsourcing in a well-connected globalized business environment.

The 3<sup>rd</sup> conference was inaugurated by the Chancellor VIT University Dr. Vishvanathan, on the broad based theme of Emerging Management Practices to discuss the management practices to be followed for the survival and growth of the corporates.

The theme for our 4<sup>th</sup> Research Conference was Innovative Business Practices for Achieving Excellence in Globalized Competitive Environment which was also inaugurated by Mr Krishna Kejriwal, CMD, Remsons Industries Ltd. He had very lucidly brought the significance of research to achieve excellence in a globalised competitive environment by sighting prevailing business environment and creating practical relevance based on his vast experience.

We are happy that Mr Krishna Kejriwal, CMD, Remsons Industries Ltd., has agreed to inaugurate the conference again and will provide a practitioners perspective to this vital issues around the theme. We are also delighted to have amongst us a distinguished guest Prof. Hugh Munro, Professor of Marketing and International Business Wilfred Laurier University, Canada to deliver the Key Note address for the conference. We had received an overwhelming response from researchers by receiving a large number of good research papers including from our own faculty and students. We have also received one paper each from Iran and Bangladesh in absentia. We have shortlisted 20 good papers to be presented in the conference. We have evaluated these papers with the help of experts with 50 % weightage and 50% weightage will be given for the presentation and handling the questions. The first 3 best papers will be awarded the cash prizes.

We also publish the papers presented in the conference in the form of Conference Proceedings under ISBN. The best papers will be considered for publication in our newly launched Journal “The Management Quest” it is coming issue.

### **The Publications to be unveiled during the conference**

We are happy to announce that we are launching our first issue of the journal “The Management Quest”, the name of the general has been approved by the Registrar of Newspapers and the ISSN is on the way which we expect to receive within few days. We are also unveiling the compilation of the case studies prepared by our faculty. These case studies serve as a rich source of discussion in the class rooms. We are also bringing out the compilation of best Summer Internship Reports in the summarised form as a compendium of Students Research. The best 15 SIP projects have been selected for the purpose.

## **Diversifying the activities of Remsons Centre for Management Research**

In order to encourage the creatively among the school students, we had organised a poster making competition for the KGS Sarvodaya School in which about 550 students from different classes have participated under the supervision of our Management Students. The winners will be awarded prizes and certificates during the valedictory session of the conference. We have planned many more such activities for the school students to encourage and motivate them for lateral thinking and creativity under the aegis of Remsons Centre for Management Research.

We hope that our 5<sup>th</sup> edition of Remsons International Conference will be a grand success which will provide good insights to the participants.

Thank you all for coming to grace this conference.

## CONVENERS' NOTE

**Dr Sanchita Banerji, Associate Professor, DSIMS**

Traditionally, the role of the corporate was clear—with its roots in agency principles, a corporate's responsibility lay towards its principals. Its only responsibility towards stakeholders other than its principals was what society had established through various environmental, labour, and other societal-protection legislations. In today's world however, corporates are recognising a responsibility to stakeholders that goes beyond their legal responsibilities. As corporates increasingly recognise and act upon this corporate social responsibility (CSR), policy-makers are also searching for innovative ways in which corporates can contribute to a country's sustainable development agenda. Business Sustainability is the pre-condition for sustainable growth. It requires efficient management of entire business activities with ethical business practices and corporate governance principles.

Under the aegis of Remsons Centre for Management Research, DSIMS organized 5<sup>th</sup> International Research Conference on 24<sup>th</sup> March 2018. The conference is themed at, **"Sustainability, Growth & Corporate Governance-Way Ahead"**. The conference was inaugurated by Shri Krishna Kejriwalji, Chairman, Remsons Industries Ltd, amidst the august gathering of Shri Ashok Saraf, President Rajasthani Sammelan and Chairman DSIMS, Prof Hugh Munro, and other senior delegates from the corporates and academia. The aim of the Conference is to capture new environment and opportunities setting new expectations, competition and challenges faced by industry in terms of Sustainability, Growth and Corporate Governance.

After a rigorous blind review by senior academicians, a total of **23** papers were presented on the above theme, in various functional domains of Management.

The Conference was an overwhelming success, attracting delegates and speakers from Mumbai as well as other reputed B-Schools across India. It has enabled the academicians, researchers and practicing managers to share their research findings, issues, concerns, doubts and insights for the future vis-à-vis specific domains of knowledge and practice. We hope that conference has not only provided great intellectual and social interactive platform to the participants, but also has given new perspectives from concrete facts.

As a Convener, I am deeply privileged and emphasize to present the Conference Proceedings and hope that this compendium of research papers will be found useful by the researchers, industry practitioners and policy makers.

## SESSION SCHEDULE

### Session I 11.45 Hrs to 13.45 Hrs

Session Chair - Dr. B.K.Bhoi

Venue: 621

SN	TIME	AUTHOR	TITLE
1	11:45	Mrs. Swati Bhalerao Dr. Mahesh Abale	Transparency And Reliability In Financial Statement: Do They Exist? A Theoretical Approach
2	11:57	Ms. Neena Katkar Mr. Aftab Shaikh	The Influence Of Employee Motivation On Organisational Performance (A Study Of Selected Private Sector Companies Located In Mumbai District)
3	12:09	Mr. Ravindra Dey Ms. Rose Jose	Personality Traits As Predictor Of Emotional Intelligence Among Gen-Y
4	12:21	Ms. Kavita Joshi	Study On Employability Issues For Management Students/ Youth
5	12:33	Mrs. Silpy Gupta Ms. Ritika Patodia	Enhancing Employability Skills For Indian Youths By Emphasizing On Co-Curricular And Extra Curricular Activities- A Conceptual Study
6	12:45	Dr. Chandrashekhar Kaushik Ms. Urvashi Gopalani Mr. Kartik Rawal	A Study On Buying Decision And Identification Of Factors Related To Purchase Of Instant Noodles.
7	12:57	Mr. Jai Kotecha Mr. Piyush Pandey Mr. Rohit Singh	Impact Of GST On Stock Market Post Implementation
8	13:09	Mr. Aftab Ahmed Dr. Swati Sable	Growth And Social Responsibility Of Health Care Sector With Reference To Medical Tourism
9	13:21	Ms. Kusum Pawar Ms. Pooja Goswami	Performance Feedback As A Tool For Sustainable Employee Performance
10	13:33	Mr. Anthony Colaco	Sustainability And Organizational Learning - Strengthening The Relation

**Session II**  
**14.30 Hrs to 16.30 Hrs**

**Session Chair – Dr. Debesh Patra**

**Venue: 621**

SN	TIME	AUTHOR	TITLE
1	14:30	Dr Irfan I. Lakhani Ms.Aasia A.Radiowala	A Study On Attributes Of Girl Students Of Home Science Degree Colleges Towards Capital Market As An Entrepreneurship Activity
2	14:42	Mr.Aditya Goradia Dr. Sarita Vichore	Crypto Currency - A Paradigm Shift In Investment
3	14:54	Dr. Nehal Joshipura	An Empirical Study Of Performance Chasing Behaviour Of Equity Mutual Fund Investor In Indian Market
4	15:06	Ms.KhushbooMakwana Dr.Yogeshwari Phatak Dr. Pragya Sharma	A Comparative Study On The Perception Of Celebrity Endorsement, Brand Congruency And Attitude Towards Advertisement On The Buying Behaviour In Durable And Non-Durable Goods
5	15:18	Dr. Pragya Sharma Ms.Prachi Nikam Ms.Khushboo Makwana	Factors Affecting Employee Motivation
6	15:30	Ms.Kinjal Jethwa Dr. Sarika Jain	A Study Of CSR Initiatives At IPCA Laboratories
7	15:42	Ms. Hasti More Mr. Karan Wadhwa	Social Media For Corporate Social Responsibility And Beyond
8	15:54	Prof. Ruchika Shokeen	To Study Hybrid Consumer Behavior In The Retail Apparel Industry In India- A Conceptual Framework
9	16:06	Maria Ilka-Iran	Intellectual Capital Philosophy In Accounting And Financial Engineering And Applied Models
10	16:18	S M Feroj Mahmood- Bangladesh	Probing The E-Commerce Market Readiness Of Bangladesh

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# Intellectual Capital Philosophy in Accounting and Financial Engineering and Applied Models

**Maria Ilka**

Islamic Azad University, IRAN

## Abstract

Measuring the intellectual capital is one of the most important issues in the field of knowledge management. One of the main problems of traditional accounting systems is their inadequacy and inability to measure the value of intellectual capital in corporate financial statements. The present age is the age of knowledge economy in which the role and importance of knowledge capital in the economy and business have changed a lot and the importance of it is increasing day by day. This has led to the importance of intellectual capital as a research and economic category. In the complex and evolving business environment of the organization's lives, the introduction of new products is the creation of innovation and the provision of value-added processes based on modern knowledge. For this reason, managers are required to measure intellectual capital as an important measure for increasing the business performance of organizations. In fact, traditional financial accounting is not able to calculate the true value of companies. It only measures the financial sheet and tangible assets. Intellectual capital brings a perfect new model for observing the real value of organizations and it can be used to calculate the future value of companies. Banks are no exception to this category, and like participating in the calculation of their true value and accounting, they need to measure their financial balance sheets and their assets.

**Keywords:** intellectual capital, financial performance, value-added coefficient of intellectual capital

## Introduction

Today, one of the main concerns of managers is the understanding of the company's future horizons and the process of creating value, and because of this, they are trying to use the information of intangible assets in decision-making activities. In fact the evolution of accounting for the evaluation and reporting of intellectual capital or intangible assets is considered a necessity, because intangible resources such as research and development, communication, skills, and capacity have created value, and the cornerstone is the competitive advantage of companies and their superior business performance to the point where Edwinston replaced the invisible brain of the famous metaphor of Adam Smith from the market, the invisible hand (Hemmati, 2011). In today's knowledge-based communities, the importance of the return on the intellectual

capital used is much higher than that of financial resources; this means that in comparison with intellectual capital, the role, and importance of financial capital in determining the sustainability of profitability has decreased significantly (Anvariostami, 2005). But since the accounting principles and accounting standards developed in the last century for reporting information that is reliable and proper reliance, the reflection of intangible resources based on these principles is not feasible and this information is not available in the balance sheet and other financial statements. Therefore, considering the value of these assets, measuring their recognition and control can eliminate the common objection of accounting, i.e., the lack of reporting and reflection of intellectual capital, (Hemmati, 2011), and by combining these assets, we can really calculate the value of the stock market of companies in real terms; because it is believed that there is a direct relationship between the extent to which companies enjoy the intangible assets of their companies and their true value of their intellectual capital (Anvariostami, 2005). In fact, intellectual capital provides a perfect new model for observing the true value of organizations and by using the company's future value can be calculated. Because of this, the tendency to measure and incorporate the true value of intangible assets of intellectual capital has become more and more popular among companies, shareholders (investors and other interest groups). In the meantime, institutions and organizations do not exclude our perception of our passion; they need to use the intellectual capital of their organization in line with other organizations and to increase their competitive power in the domestic and global arena. The tendency toward the privatization of the economy, as well as the country's desire to join the World Trade Organization followed by increased competition in the domestic economy, the need for the organization's perception of intellectual capital, is felt more than ever. Surveys show that two-thirds of all American companies are looking for new ways to compile and provide non-financial information including the intellectual capital. Statistics indicate that relying more on non-financial measures will lead to more accurate forecasts of future earnings. Intellectual capital is the birthplace of science and knowledge. Still, this term is in its genesis.

## **Methodology**

Elements of intellectual capital

According to the studies and definitions, intellectual capital is consisting of:

- 1- Communication capital (customer)
- 2- Human capital
- 3- Structural capital (organizational)

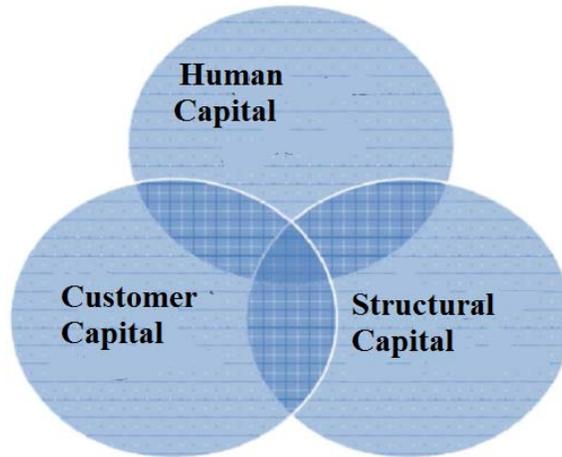


Figure 1 The interaction between intellectual capital components in the value position

#### Communication Capital (customer)

The main topic of communication capital is an existing knowledge in the marketing channels and customer relationship, and the main determining factor in the conversion of intellectual capital into market value and consequently the business performance of the organization. Bontis (2000) argues that the customer-related capital is a subset of the communication capital. According to him, the firms have knowledge that begins with suppliers throughout the value chain. Knowledge in the form of marketing and sales information in relation to the customers is the only part of the integrated value chain.

#### Human Capital

The human capital of an organization includes skills, expertise, and problem-solving ability and leadership styles. Human capital as the basis of intellectual capital results in improved performance and profitability for the company. According to the definition of this capital cannot be transcribed by other companies, so it is a resource that has a durable competitive advantage. Human capital is the source of innovation and modernization of an enterprise. An enterprise does not own or control its human capital, but employees using creativity, experience, skills, knowledge and personal co-operation provide an opportunity for the firm to gain business value.

#### Structural Capital (organizational)

Structural capital includes databases, organizational charts, process execution instructions, strategies and executive programs. Structural capital comprises all tangible and intangible assets. At first glance this is inconsistent. But when

understood as a basis for knowledge, it is understandable. Structural capital is a thought-based value that when employees leave the firm.

#### Measuring the economic value of customers in economic enterprises

One aspect of intellectual capital is customer-related capital. If an economic firm is interested in maintaining current customers and wants to attract new customers, on the other hand, it should be worthwhile for them. Creating value for customers through product quality, service quality and value-based prices that are compatible and meet the expectations of customers is possible. Customers create operational cash flows. These cash flows provide an economic value to the firm and resources innovation and satisfy the needs of other stakeholders (such as shareholders, suppliers, employees, and society). So it's not surprising that firms spend significant resources to create more value for customers. In fact, management information systems should be customer-oriented in order to consider the value of corporate customer value (EVCO). There are two distinct approaches to calculating customer value. The first approach supported by management accountants in this period is called CPA (Customer Profitability Analysis). This approach is a form of activity-based costing. The second approach is called Valuation Customer Life (CLV) and a kind of analysis of cash flows has been discounted. Market research writing is a proactive approach to the second approach.

Studies conducted in a management accounting show that some customers create economic value to others. That is some customers have more profitable than others. In the past EVCO management accountants calculated very approximated. In this regard, profitable the customer was determined to sell by allocating public and administrative expenditures. For example, if a net customer accounted for 30% of the total sales revenue 30% of the public and administrative expenses were attributed to the gross margin generated by him. These allocations are not sensitive to the real level of customer resources used by the public and administrative expenses they spend. While in the customer cost analysis (CPA) method which is now popular in accounting management literature and uses activity-based costing, the customer profit margins are attributed to the differences in the public and administrative expenditures consumed by them. Specifically, CPA is looking for finished price and for more accurate measurement EVCO tracks customer-related activities such as purchasing, distribution, accounting, and product management .

The Customer Satisfaction Analysis (CPA) measures the EVCO business value in two steps: In the first stage expenditures are attributed to products. As a result, customers who buy high-end products will incur more expenses. In the second step, expenditure is attributed to customers on products offered in the marketing

and sales process. This cost is compared to the customer-generated revenue stream to find the customer profitability.

### **Valuation of customer life**

The authors of the marketing literature use life value estimation approach to explore the economic value of customers to an organization (EVCO). In this method, the current value of future cash flows is measured and it is expected that these flows will be reached within a time when the customer has a relationship with the firm. The following four steps are used to calculate the CLV: First, customers are identified, Second, their current profitability is evaluated, Third, the current profitability is estimated to estimate future cash flows Fourth, these expected cash flows are reduced based on the planning horizon of the firm to meet the net present value of customers for whom make a net present positive value economically valuable to the organization .

1. Return methods on assets: Economic value added - Intellectual value coefficient – Estimated intangible value – Knowledge return on investment
2. Market Investment Methods: Intangible Balance Sheet - Market Value to Office – investor assigned market value – Tobin's Q.
3. Direct Investment Capital Technologies: Technology Broker - Registered Privileges human resource cost accounting – comprehensive Valuation Method – Accounting for the Future Human Resources Declaration Value Finder – Intellectual Property Value Creation of Absolute Value – Financial method of intangible asset measurement
4. Scorecard methods: Balanced Scorecard – Human Capital of Humanity – Scandia's Guide – Intellectual Capital Index – Intangible Assets Display, Knowledge Audit Schedule – Mortar Guides – Value Scoring Card – Knowledge Guides – IQ

### **Here's a brief summary of some of the methods:**

The Ratio of market value to book value: Market value to book value is one of the commonly known methods for measuring intangible assets and intellectual capital. This value is calculated through the difference between the market value and the company's book value. Despite the simplicity of this method, it has some problems in measuring and interpreting the results. The book value depends on the national or international standard on which the accounts are ready which may in practice change the book value. On the other hand, the stock market value is always changing which makes the results valid only for a short time when we plan to measure the intellectual property of a company in comparison with other competitors in the industry.

$$MTB_{it} = \frac{MV_{it}}{BVE_{it}} \quad (1)$$

MTB<sub>it</sub>: the ratio of the book value to the market value of the firm i in the financial period t

MVE<sub>it</sub>: The stock market value of i in the financial period t

BME<sub>it</sub>: the book value of i stock in the financial period t

Tobin's Q:

The Tobin's Q method was developed by Nobel laureate James Tobin.

$$G.tobin_{it} = \frac{MVE_{it} + BVE_{it}}{TA_{it}} \quad (2)$$

MVE<sub>it</sub>: The value of the corporate stock market. I am in the financial period t

BE<sub>it</sub>: The book value of debt held by a company in the financial period t

TA<sub>it</sub>: Summing up the total assets of i in the financial year t

Return on investment cash flows:

The return on investment cash flows computes the value of the total investment through the ideal value of the corporate market. This is calculated by the difference between the ideal value of the corporate market and the total amount of investments as follows:

$$CFROI_{it} = MVE_{it} - INVT_{it} = MVE_{it} - (PPE_{it} + AAD_{it} - IR_{it}) \quad (3)$$

MVE<sub>it</sub>: The stock market value of i in the financial period t

PPE: property, machinery, and equipment i in the financial period t

AAD<sub>it</sub>: Accumulated depreciation of i during financial period t

IR<sub>it</sub>: the Company's return of i during financial period t.

Economic value added

Economic value added (EVA) is relatively one of the newest methods to evaluate the organizational performance this method is developed by Stewart and consulting firms in New York. This method concentrates on maximizing shareholder wealth. The economic value added is the cash flow generated after tax deduction by the company and minus the cost of the capital used to generate that cash flow, thus the economic value added represents the real profit against the profit on the paper. Also the economic value added is the difference between net sales and total operating costs, taxes, and capital costs. While capital costs are

calculated by multiplying weighted average cost of capital in the total invested capital. In other words, the change in the standard economic value added creates a scale to determine that has the intellectual capital of the organization been effective or not? Obviously, the economic value added is an alternative to intellectual capital and provides accurate information about the impact of intellectual capital on performance of firm.

$$\begin{aligned} \text{EVA} &= \text{NOPAT}_t - [(\text{TA}_{t-1} - \text{CL}_{t-1}) \times \text{WACC}_t] \\ \text{NOPAT}_t &= \text{Op}_t \times \{1-t\} \end{aligned} \quad (4)$$

in this equation  $\text{TA}_{t-1}$  is total assets at the beginning of each accounting period;  $\text{CL}_{t-1}$  demonstrate total current liability at the beginning of each accounting period;  $\text{NOPAT}_t$  is the net operative profit after tax deduction in the accounting period t.  $\text{WACC}_t$  indicates weighted average cost of capital in the accounting period t and  $\text{Op}_t$  is the gross operating profit in the accounting period t.

The calculated intangible value model (CVI)

The calculated intangible value model (CVI) is based on this assumption that the surplus income of a company, such as surplus-income divided in the average income of the industry, derives from its intellectual capital.  $\text{ROTA}_t$ ,  $\text{TA}_t$  and  $\text{EBT}_t$  are calculated for each of the selective firms, separately.  $\text{EBT}_t$  is the earnings before tax in the accounting period t,

$$\overline{\text{EBT}_t} = \frac{\sum_{-3}^{-1} \text{EBT}_t}{3} \quad (5)$$

$\text{TA}_t$  is fixed tangible assets of the company in the accounting period t,

$$\overline{\text{TA}_t} = \frac{\sum_{-3}^{-1} \text{TA}_t}{3} \quad (6)$$

$\text{ROTA}_t$  is rate of return of fixed tangible assets in the accounting period t,

$$\text{ROTA}_t = \frac{\overline{\text{EBT}_t}}{\overline{\text{TA}_t}} \quad (7)$$

$\text{EBTI}_t$ ,  $\text{TAI}_t$  and  $\text{ROTAI}_t$  are separately calculated to all of industries that the selective companies are belonged to by use of the following equations.  $\text{EBTI}_t$  is the earnings before tax industry in the accounting period t,

$$\overline{\text{EBTI}_t} = \frac{\sum_{-3}^{-1} \text{EBTI}_t}{3} \quad (8)$$

$\text{TAI}_t$  is fixed tangible assets of the industry in the accounting period t,

$$\overline{\text{TAI}_t} = \frac{\sum_{-3}^{-1} \text{TAI}_t}{3} \quad (9)$$

ROTA<sub>t</sub> is rate of return of fixed tangible assets of industry in the accounting period t.

In this stage, ROTA<sub>t</sub> and ROTA<sub>t</sub> are compared and if ROTA<sub>t</sub> is surplus, the next steps will be done (rate of return of company is higher than rate of return of the industry).

$$(ROTA_t - ROTA_t) \times \overline{TA}_t \times (1 - \overline{T}_t) = ER_t \quad (10)$$

IC<sub>t</sub> : intellectual capital of firm in the period t.

WACC<sub>it</sub>: weighted average cost of capital of ith company in the period t.

It is also should be explained that WACC<sub>it</sub> is calculated according the following equation.

$$WACC_t = \frac{L_t}{L_t + E_t} \times Kd(1 - t) + \frac{E_t}{L_t + E_t} \times ke \quad (11)$$

L<sub>t</sub>: Total liabilities of the ith company in the period T .

E<sub>t</sub>: Total salary of owners of stocks of ith company in the period T.

K<sub>d</sub>: Interest rate of corporate bond issued by central bank.

$$K_e = \frac{D_0(1+g)}{P_0} + g$$

D<sub>0</sub>: dividends per share.

P<sub>0</sub>: the price of sale of per share of the ith company in the beginning of the accounting period T.

g: the rate of dividend growth (geometric mean of dividends)

Value added intellectual capital coefficient (VAIC) model

Value added intellectual capital coefficient (VAIC), which is stated by Pulic, three dependent variables are the basic for measuring this model.

1. Capital employed efficiency (CEE)
2. Human capital efficiency (HCE)
3. Structural capital efficiency (SCE)

Pulic (1998) states, that in a situation that the VAIC coefficient is high, value-added efficiency is better than the total resources of the company.

The formulation of the VAIC is algebraically indicated as follows:

$$VAIC_i = CEE_i + HCE_i + SCE_i \quad (13)$$

This model has advantages in compare with other models that the most important advantages are mentioned as follow:

1. This model provides a standard and compatibility basis to measure. In fact, the methods that could measure intellectual capital are limited.
2. This model is based on two aspects, evaluation of efficiency and creation of value from tangible and intangible assets in a company.
3. All of data that is used in calculation of VAIC are based on accounting and financial standard information which are commonly reported in the company's financial reports. So the calculation based on the purpose is verifiable. Almost, the methods to calculate the intellectual capitals are criticized because of these measures are mental and create a lot of problems in the measurement process.
4. This model has been used in a lot of foreign valid researches and studies.

### **The weakness of the intellectual capital measuring methods**

The methods, which lead to monetary amounts, are useful to pricing intangible assets these methods include direct intellectual capital method or return methods on the properties. Other advantage of this method is providing the possibility of comparing the firms in an industry with each other. The disadvantages of these methods are that changing everything to monetary amount could be considered superficial a little bit. The methods of return on assets are highly sensitive to the rate of interest. On the other hand, these methods of measurement are done in organization in macro-level. These methods are not useable in the non-profit organization, internal departments of organizations and public and national organizations. The advantages of direct intellectual capital methods and score card methods are that they could present more complete picture from the organizational health in compared with the monetary methods. These methods have capable to reach different organizational levels easily. They could measure the results of events with more precision so, their reports are prepared faster and more precision than financial measurements. Because there is no need to financial measurement in these methods so they are proper for the non-profit organization, internal departments of organizations and public organizations and social and cultural goals. Other disadvantage of these methods is that they use some indexes, which are designed to special purpose or for specific organization so the comparison is difficult.

### **Conclusion**

The new age is the age of information, or more precisely, the age of knowledge. In this era, economic agents value the transfer of knowledge and the use of knowledge through processes of knowledge creation. Today, traditional accounting metrics are not appropriate for determining the true value of

companies, and if knowledge assets cannot be identified and measured, they can never be achieved at the firm's true value. In the age of knowledge, what convinces economic firms is intellectual capital. In the meantime, the gap between the market value of the organization and the net asset value of tangible assets, which in fact is considered to be the stock of intangible assets, attracts investors more and more day by day. In a knowledge-based organization, in which knowledge forms a large part of the value of a product, as well as the wealth of an organization, traditional accounting methods, based on tangible assets and information about the past operations of the organization, are for valuation purposes. Intellectual capital, the largest and most valuable asset for them, is inadequate. Therefore the intellectual capital approach is more comprehensive for organizations that want to know the value of their performance. In this era, management information systems should be customer-oriented in order to take into account the economic value of customers.

In the complex and evolving business environment of the organization's lives, the introduction of new products is the creation of innovation and the provision of value-added processes based on modern knowledge. For this reason, managers are required to measure intellectual capital as an important measure for increasing the business performance of organizations. In fact, traditional financial accounting is not able to calculate the true value of companies alone to measure the balance sheet and tangible assets. Intellectual Capital brings a completely new model to view the value and realities of organizations, and it can be used to calculate the future value of companies. Banks are not excluded from this category and companies in calculating their true value and accounting need to measure their financial balance sheets and their holdings.

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# Probing the E-commerce Market Readiness of Bangladesh

**S M Feroj Mahmood**

Senior Lecturer

Department of Business Administration,  
Notre Dame University Bangladesh, Bangladesh

## Abstract

This research is solely aimed at finding the consumer perspective on the existing e-commerce market of Bangladesh and thereby judge the market readiness to meet the consumer demand. Bangladesh being a developing country needs many infrastructures to develop to build a full proof environment for the E-commerce firms. But still, the organizations involved are trying to engage more and more consumers day by day. Though the extensive use of internet has already opened new windows for the online transaction of economic goods and also there are many improvisations required in several aspects of the industry. The purpose of online shopping is to divert people from traditional market to online market. If the organizations developed in online shopping are more engaged in consumer gaining and retention through extensive provisions of service then and only then the flower of e-commerce will bloom with the fragrance of billions.

**Keywords:** E-Commerce, Market Readiness, Online Shopping, Consumer, Online Transaction

## 1.0 INTRODUCTION

Bangladesh becoming a market worth 160 million+ with the world's 8<sup>th</sup> largest population and a staggering consumer spending of around USD 130 billion+ with a growth rate of 6% per annum. Where the consumer base is "young technologically adaptable and exhibits high engagement through the mobile internet." Proliferation of mobile internet users via smartphones and proactive participation in social networks indicated by the number of Facebook users reaching 10 million approximately, there is will significantly change in the consumption pattern of the consumer base with the introduction of e-commerce (Sabrina et al, 2016)

Electronic commerce refers to the online platform of the transaction. Bangladesh emerging from one of the least developed countries to one of the most promising emerging economies along with BRICs is being considered as a stage where e-commerce will reshape and revolutionize the existing system of trade and commerce, and will thus result in a social impact uplifting the economy of the country to some extent. With the growing number of internet users and technological advancements as affordable rate and platform for mobile internet usage, electronic banking, 3G internet and likes of such has already prompted new small and medium enterprises to adopt e-commerce based business design. This is resulting in the creation of an entirely new industrial sector in this developing economy.

A portion of total demography is engaging in e-commerce on a relatively small scale. But given the resources and technological advancement embarking as the main driver of social change the potentiality of the e-commerce in Bangladesh is immense. The online market is still at the very primary stage and there are glaring discrepancies between customer demand and provided facilities, policies and overall transaction platform and means. Customers savor the perks of choosing between many alternatives from their personal computer, mobile or from anywhere as per their wish at any time. But the customers want information. Information about the quality, quantity, brand value and reliability measures offered by the business they are transacting with. The marketers must understand the market demands and provide innovative products continuously (Kristensen & Westlund2004)

However, in the long run, these customers will be loyal and can be retained only when online businesses constantly satisfy them by providing detailed product information on websites, better customer service, quality and timely delivery of goods and importantly effective webs (Haque 2014). Global E-commerce giants like Amazon, Ali Baba, E-bay etc. has a satisfyingly high consumer retention rate. But the consumer retention rate of the e-commerce sites in Bangladesh is relatively quiet poor. E-commerce sites need better assessing the consumer perception to determine the imperative factors for consumer retention because gaining anew array of consumers are five times costly than retaining old consumers(Crego and Schiffrin 1995; Petrissans 1999).

The current e-commerce retailers are examining market penetration strategies focusing on consumer attitudes towards shopping online, website knowledge, perceived ease of use and reputation of the e-commerce sites (Saad and Paul 2014). In modern business understanding the consumer's cognizance's of the market is not enough to captivate the market, rather an empirical strategy should follow the consumer attitude and buying behavior to develop a winning formula for the business (Ramdhani, et al, 2012).

Economic theories suggest that e-commerce intensifies market competition due to consumer's ability to obtain diversified product and price information. "Research by four economists at the University of Chicago has found that the growth of online shopping has also affected industry structure in two areas that have seen significant growth in e-commerce, bookshops and travel agencies. Generally, larger firms are able to use economies of scale and offer lower prices. The lone exception to this pattern has been the very smallest category of a bookseller, shops with between one and four employees, which appear to have withstood the trend"(Subramani et al, 2001).

Due to intense use of technology the global boundaries are gradually vanishing in the case of e-transactions making everyone a potential customer. So measuring the readiness of e-commerce sector is imperative for a comparative analysis. This paper will be dedicated to finding ways to gain and retain customers by making a comprehensive study of customer and business perception on the overall market to measure market readiness. It will also propose a clear and precise market penetration strategy to the E-commerce SMEs over the country.

## 2.0 LITERATURE REVIEW

### 2.1 E-COMMERCE

E-Commerce signifies any business transaction procedure between two parties using a computer network such as the internet or social media sites (Buettner 2016). Being more precise, trade of goods and services through digital communication systems can be referred as E-commerce. And generally, the entire procedure is negotiated under specific policies and terms to satisfy both parties (Laisuzzaman, Imran, Nahid, Amin and Alim 2010).

The term also refers to downloading-uploading of software, online trade of stock or bonds. E-commerce has opened the door to many Asian countries for uplifting an economic revolution. This is essential for encouraging market competition and diffusion of internet technologies. A huge number of population will have a great impact on the overall market and e-governance (Waghmare 2012).

### 2.2 THE PROCESS OF E-COMMERCE

E-Commerce is usually done by these following steps:

1	Gaining customer attention	It is done by giving necessary logistics and information about the desired product to the potential customers.
2	Customer Interaction	Usually signifies the interaction between buyer and seller to negotiate the purchase terms.
3	Order Management	This phase involves the maintenance of orders and delivery logistics.
4	Enquiry Responding	The business responds to an inquiry by the customers in real time and this responsiveness serves as an important determinant of the whole business's thriving.

E-commerce is a mixture of three different systems, a web server for managing virtual storefront and transaction processing, a database for inventory management and logistics, and a dispatch system for delivery services (Woodford 2016)

### 2.3 E-BUSINESS

E-Business is the approach where technology and networked devices are utilized to facilitate achieving business goals enabling information exchanges and decision-making supports (Chen and Hossaple 2013). E-Business adoption has been determined as a vital issue in terms of E-business research (Shaw et al. 1997; Urbaczewski et al. 2002; Wareham et al. 2005). Terms such as E-Business readiness defines the compatibility of the organization to adapt to E-Business strategy and structure in terms of execution of business activities as well as decision making and necessarily the compatibility of the firm to extract profit from the newly implemented or adopted E-Business system. And it also implies the acceptance of

the e-business system to its customer base and potential customers focusing on E-Business success (Molla & Licker 2001; DeLone & McLean 2004).

## **2.4 CONSUMER TO CONSUMER E-COMMERCE**

Customer to customer e-commerce is an electronic commercial market where a customer can trade the products which are often used or second handed to another customer. These transactions are helped by the third party in most of the cases (Dan 2014).

In another way we can say "This is a business model where two individuals or consumers transact or conduct business with each other directly".

Because of internet's development, the uses of the customer to customer e-commerce is increased nowadays and it is an easy medium too. Here a buyer has the opportunity to buy a product with proper judgment from different sellers. A person can be both buyer and seller in this business model. As different buyers bid for a product the seller has the choice to get the perfect buyer or to select who will pay the proper price. Overall it is one of the most useful media to trade. But it has some securities issues too. That is why the business developers are developing this model day by day (Dan 2014).

## **2.5 BUSINESS TO CONSUMER E-COMMERCE**

"A business that sells online merchandise to individual consumers is categorized business to customer e-commerce." Business to customer e-commerce is an electronic commercial market where a businessman or a company can trade the products with the customers (Techopedia)

Basically, it is an electronic market where a company can sell their products directly to the customers. As the transaction is between the customer and the business or the company it is called the business to customer e-commerce. The Amazon, Alibaba is the best example of business to customer e-commerce business model. This model is also increasing the development of the internet. And it is more trustworthy as customers are buying products from a renowned company where a person has to buy products from a stranger in the customer to customer e-commerce business model.

"The context of B2C e-commerce, Web sites services can be classified into three phases of marketing: pre, online, and after sales" (Ahl et al, 2004). "The pre-sales phase includes a company's efforts to attract customers by advertising and introducing their products. In the second phase, purchase occurs that contains online order and payment. The after sales phase consist of customer service, delivery, and support that generate customer satisfaction by meeting their expectations" (Liu & Arnett 2000)

## **2.6 WEBSITE ATTRIBUTES**

The website can be defined as a group of interfaces so interconnected as to serve the purpose of usability, performance, and beauty to the users “to obtain their satisfaction in the competitive market of online and offline sales and information services”.

Website attributes are the features that are designed to serve the visitors and these are an essential bundle of aspects of a website. “Technology-oriented attributes are the structural properties of a site such as a hyperlink multimedia modalities, whereas user-oriented attributes are the qualitative experiences of users in relation to the structural properties of a site, for example, navigability and demonstrability”

Tangibility, reliability, responsiveness, assurance, and empathy are the five dimensions of service quality. (Parasurama, Zeithaml and Berry 1985, 1991; Pit, Watson and Kavan 1995). The judgment of service quality came from comparisons between what customers feel a service provider should offer and the actual service performance of the company (Zeithaml, Parasuraman and Malhotra 2000). This view was reinforced by Zeithaml et al. (2000); Parasuraman, Berry, and Zeithaml (1985) in their service quality study in different industries as a function of expectations-perception gap.

## **3.0 OBJECTIVE**

### **3.1 KEY OBJECTIVE**

To find the factors determining customer gaining and retention for the E-commerce SME's

### **3.2 SPECIFIC OBJECTIVE**

- i. To find consumer and business perception on e-commerce
- ii. To determine the gaps between business compatibility and customer demands
- iii. To propose specific market penetration strategy to the existing E-commerce SME's.

## **4.0 METHODOLOGY**

### **4.1 THEORETICAL FRAMEWORK**

The proposed research is going to be undertaken to determine the crucial factors for attaining new consumer base as well as retaining them of electronic commerce sites by analyzing both consumer and business perception on the overall market. In the study, we will observe and analyze the market compatibility to meet the customer demands as well as the effect and role of the government policies in determining the future of E-Commerce in Bangladesh. Customer perception of reliability, product quality, product information etc. and business perception on the potential market, consumer and customer base, government policies will be qualitatively and quantitatively scrutinized.

We will accumulate primary and secondary data to focus on the specific objectives of our research and to that regard, existing literature on the following subject matter has been already surveyed for document analysis. The subsequent findings from this analysis have also been recorded. Various journals, research papers by teachers and researchers, articles and websites have been observed carefully for this purpose.

#### 4.2 PARTICIPANTS

For conducting this study, we will select e-commerce website users via arandom selection process. On the other hand, owners and administrative officers of different e-commerce sites will also participate with us to allow us tofund our answers. Respondents will be selected randomly from those who will want to participate in this study.

#### 4.3 RESEARCH QUESTION AND DATA COLLECTION

We will develop two types of a questionnaire for the research purpose. The business owners and administrative officers will be asked open-ended questions by arranging an in-depth interview. The whole interview will be digitally recorded prior noticing the interviewee of so. This will be done to get a clear concept of their impression on the market and consumers.

The customers will be surveyed by developing a questionnaire based on Likert 5 item scale, where 1= Strongly Agree and 5= Strongly Disagree.

#### 4.4 DATA ANALYSIS

We will do a descriptive analysis of the interview of the business persons. Statistical parameters like correlation will be used to measure the relation between findings and variables. No specific independent variables or dependent variables were set as we prefer to undertake the research solely basing on the perspective of both business parties. We are not going to prove any specific hypothesis rather we are willing to devote the research to find the business readiness to provide exactly what the customer wants and propose some market penetration strategy.

#### 5.0 ANALYSIS AND INTERPRETATION

Correlations			
		Through which device do u use internet	E-commerce is more comfortable than regular shopping
	Pearson Correlation	1	0.111
Through which device do u use internet			

	Sig. (2-tailed)		0.36
	N	70	70
E-commerce is more comfortable than regular shopping	Pearson Correlation	0.111	1
	Sig. (2-tailed)	0.36	
	N	70	70

Here, the Pearson Correlation of both variable is .111. So both of the variables are slightly correlated. The result indicates that there is significant relationship between the devices through which consumer's purchase or surf e-commerce sites with the overall comfortability of e-commerce

Descriptive Statistics			
	Mean	Std. Deviation	N
Product Description on website matches the actual product	3.0714	0.96791	70
Organization involved in E-commerce are reliable	2.4429	0.84503	70

Here, the mean of the first variable is 3.0714 which means its position is Neutral and this variable's Standard Deviation is 0.96791. The mean of the second variable is 2.4429 which means its position is also in between Agree and Neutral but closely to Neutral and this variable's Standard Deviation is 0.84503.

Correlations			
		Product Description on website matches the actual product	Organization involved in E-commerce are reliable
Product Description on website matches the actual product	Pearson Correlation	1	0.156
	Sig. (2-tailed)		0.198
	N	70	70
Organization involved in E-commerce are reliable	Pearson Correlation	0.156	1
	Sig. (2-tailed)	0.198	
	N	70	70

Here, the Pearson Correlation of both variable is 0.156. So both of the variables are slightly correlated. Product Description provided on the websites are closely associated with the consumer's ability to rely on the e-commerce firms.

Descriptive Statistics			
	Mean	Std. Deviation	N
Organization involved in E-commerce are reliable	2.4429	0.84503	70

The e-commerce sites are likely to change or refund in case of any defect in the product	2.8714	1.06215	70
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Here, the mean of the first variable is 2.4429 which means its position is in between Agree and Neutral but closely to Agree and this variable's Standard Deviation is 0.84503. The mean of the second variable is 2.8714 which means its position is also in between Agree and Neutral but closely to Neutral and this variable's Standard Deviation is 1.06215.

Correlations			
		Organization involved in E-commerce are reliable	The e-commerce sites are likely to change or refund in case of any defect in the product
Organization involved in E-commerce are reliable	Pearson Correlation	1	0.113
	Sig. (2-tailed)		0.353
	N	70	70
The e-commerce sites are likely to change or refund in case of any defect in the product	Pearson Correlation	0.113	1
	Sig. (2-tailed)	0.353	
	N	70	70

Here, the Pearson Correlation of both variable is 0.113. So both of the variables are slightly correlated. Refunding or changing the product in case of any defect or inconvenience will prompt the consumer to rely more on e-commerce organizations.

Descriptive Statistics			
	Mean	Std. Deviation	N
The online transaction system is safe and secure	2.6571	0.97632	70
Organization involved in E-commerce are reliable	2.4429	0.84503	70

Here, the mean of the first variable 2.6571 which means its position is in between Agree and Neutral but closely to Neutral and this variable's Standard Deviation is 0.97632. The mean of the second variable is 2.4429 which means its position is also in between Agree and Neutral but closely to Agree and this variable's Standard Deviation is 0.84503.

Correlations		
	The online transaction system is safe and secure	Organization involved in E-commerce are reliable

The online transaction system is safe and secure	Pearson Correlation	1	-0.024
	Sig. (2-tailed)		0.843
	N	70	70
Organization involved in E-commerce are reliable	Pearson Correlation	-0.024	1
	Sig. (2-tailed)	0.843	
	Sum of Squares and Cross-products	-1.371	49.271
	Covariance	-0.02	0.714
	N	70	70

Here, the Pearson Correlation of both variable is -0.024. So both of the variables are negatively correlated. The online transaction system is a major obstacle in the e-commerce industry. There are no standardized methods to pay online and this is creating a negative impact on the overall industry.

Descriptive Statistics			
	Mean	Std. Deviation	N
The online transaction system is easy	2.229	0.88746	70
The E-commerce organizations are capable to deliver the product on time	2.4	0.80578	70

Here, the mean of the first variable is 2.2288 which means its position is in between Agree and Neutral but closely to Agree and this variable's Standard Deviation is 0.88746. The mean of the second variable is 2.4000 which means its position is also in between Agree and Neutral but closely to Neutral and this variable's Standard Deviation is 0.80578.

Correlations			
		The online transaction system is easy	The E-commerce organizations are capable to deliver the product on time
The online transaction system is easy	Pearson Correlation	1	0.073
	Sig. (2-tailed)		0.548
	N	70	70
The E-commerce organizations are capable to deliver the product on time	Pearson Correlation	0.073	1
	Sig. (2-tailed)	0.548	
	N	70	70

Here, the Pearson Correlation of both variable is 0.073. So both of the variables are slightly correlated. Transaction system provides a better option for the organizations to deliver the products on time. A viable online transaction system would have helped the firms to deliver products on time without the hassle of payment.

Descriptive Statistics			
	Mean	Std. Deviation	N
Websites need to be upgraded to attract more consumers	1.886	0.9409	70
Web attributes(Web design, color etc.) drives us more towards online shopping	2.514	0.94398	70

Here, the mean of the first variable is 1.8857 which means its position is in between Strongly Agree and Agree but closely to Agree and this variable's Standard Deviation is 0.94090. The mean of thesecond variable is 2.5143 which means its position is also in between Agree and Neutral but closely to Neural and this variable's Standard Deviation is 0.94398.

Correlations			
		Websites need to be upgraded to attract more consumers	Web attributes(Web design, color etc.) drives us more towards online shopping
Websites need to be upgraded to attract more consumers	Pearson Correlation	1	0.1
	Sig. (2-tailed)		0.411
	N	70	70
Web attributes(Web design, color etc.) drives us more towards online shopping	Pearson Correlation	0.1	1
	Sig. (2-tailed)	0.411	
	N	70	70

Here, the Pearson Correlation of both variable is 0.100. So both of the variables are slightly correlated. This relationship establishes a common fact that websites of our local e-commerce sites need to be upgraded to more and more customers.

## 6.0 FINDINGS

Most of the respondents were mobile internet users. This indicates the e-commerce sites need to concentrate more towards developing mobile sites and apps to increase the overall accessibility of the e-commerce sector. In this aspect website attributes is also a major aspect of determining how much or how will the consumers be driven more towards the sector through elegant visualization of the sites.

Products are available online but not many of them. There need to be inventories of almost every category of a single product line. The transaction system is also perceived average and not secured by the consumers which prompt consumers and

sellers to adjust in cash on a delivery system that delays the overall delivery system and raises legal issues as the risk of fraud or other dangers.

Though most of the respondents agreed that e-commerce is more comfortable than traditional shopping but these following impediments are affecting the overall sector performance of the e-commerce industry of Bangladesh.

## **7.0 CONCLUSION:**

E-commerce is a booming industry in Bangladesh. Though consumers are highly interested to digitalize their traditional way of purchasing goods various obstacles are hindering them to engage actively in that sector.

The marketers need to understand more carefully what the consumer's want and analyzing empirical data for understanding customer needs can aid to this problem. There needs to be a viable online transaction system for safe and secure exchange online. The websites need to be developed and the customers need to the assurance of refunding or changing the product needs to be paid more attention. E-commerce firms should provide each and every facility what their consumer want. They should make their websites more accessible. They have to sell products at a reasonable price so that everyone can buy it. Other developments also needed for improve. Finding part will help to know what should actually do for consumers.

E-commerce sites of Bangladesh have a great future but if and only if we together can provide the industry the favorite tools for meeting the consumer demands given the government develops business-friendly rules for the e-commerce sites.

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# **A Comparative Study on the Perception of Celebrity Endorsement, Brand Congruency and Attitude towards Advertisement on the Buying Behaviour in Durable and Non-Durable Goods**

**Prof. Khushboo Makwana**

Prestige Institute of Management and Research

**Dr. Yogeshwari Phatak**

Prestige Institute of Management and Research

**Dr. Pragya Sharma**

Prestige Institute of Management and Research

## **Abstract**

The practice of celebrity endorsements has experienced a tremendous growth over the last few years has become a multi-million industry. Marketers endorsed celebrities to influence the purchase decision of consumers and change the perception of the viewer's regarding their brand, which in turn positively impacts their buying behaviour. The objective of this paper is to compare the perception of celebrity endorsements, congruency and attitude towards advertisement on the buying behaviour of viewers of celebrity endorsed advertisement of non-durable and durable goods in central region of India. The study provides insight and significant feedback from viewers of celebrity endorsed advertisement of non-durable and durable goods. The result of the study shows that there was an effect of celebrity endorsement on consumer buying behaviour in durable and non-durable goods. This has suggestions for marketers that while promoting their brand they should hire celebrity as people get influenced with them and it becomes easier to persuade them.

## **Introduction**

McCracken's (1989) define, a celebrity endorser is an individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement (marketing communication). Celebrities are perceived as Gods by the public. They touch their feet, create idols and worship them, garland their photographs, perform "Yagnyas" for their idol's good

performance, wait for their "Darshan" in the hot sun and the heavy rains for hours, follow the trend they set - wear similar clothes or have similar hair style as that of their favourite celebrity, and they go to the extreme of committing suicide if the celebrity they admire FAILS to deliver results. For instance, South Indian superstar Rajnikanth has temples in his name and has fans who are ready to die for him. Celebrities are extremely popular in the Indian market and have mammoth fan followings. The crowd goes gaga over their mere presence. The ultimate goal of today's advertising strategy is in the conversion of customers, who are not only educated and sophisticated but also have become selective in what they buy. With so many options at their disposal it becomes difficult to come in the eyes of the consumer. The challenge of the marketer is to hook the public's attention, for which celebrity endorsing is widely being used as a marketing strategy. (Payal 2012).

According to Loudon and Della Bitta (1988), consumer behaviour may be defined as the decision process and physical activity individuals' engage in, when evaluating, acquiring, using or disposing of goods and services. Consumer behaviour focuses on how individual consumers and families or households make decisions to spend the resources that they already have (time, money, effort) on items that are related to consumption. The customer asks himself the 5Ws(What-Where-When-Why and How) before completing any purchase. Marketers carry out a study of consumer behaviour to devise methods to influence their target consumer's buying decision. From the marketers perspective, it is not only important to cater the needs and desires of the consumer but it is also vital to find out why the consumer needs something in particular in the first place. Dolekoglu et al. (2008) stated that there are 12 major factors that are involved in consumer buying process, they are: quality, price, trust, availability of alternative packaging, frequent advertising, sales promotions, imitations, availability, brand image, prestige, freshness and habits.

(Rajni, 2008) Celebrity endorsements in India had a great impact on consumers buying behaviour by increasing public attention and sales volume of the endorsed brands as Indians have a strong belief and trust on the celebrity and the message conveyed by them. In general, celebrity endorsement is forced and urged for the following reasons: to create brand awareness, to enhance brand recall, celebrity value define and reposition the brand image, celebrities add new dimensions to the brand image, instant credibility or aspiration PR coverage even at the time of the crisis.

There seems to be negligence in terms of the nature of relationship between some critically important variables. The propensity of such variables needs to be explored in order to identify the impact of celebrity endorsement on consumer buying behaviour towards durable and non-durable goods. According to the literature, most researchers have focused on analyzing the impact of celebrity characteristics on purchase intention, consumer attitude towards celebrity characteristics on purchase

intention or matching the celebrity's image with product and purchase intention. No researcher has so far employed all these criteria in a single study. Although, there are many studies about the celebrity endorser, it appears that only a few are available on 'the impact of celebrity endorsers on consumer attitude and buying behaviour and their comparison in the durable and non-durable goods.

## **Literature Review**

Stephen and Thomas (2009) examined the roles of product-endorser "congruency" with celebrity and non-celebrity endorsers by comparing the effects of a famous athlete and an unknown model on a variety of consumer responses. The results suggested that a famous athlete is more effective when endorsing a sport brand than a non-sport brand. And an unknown model is identified as either a famous athlete or not and is paired with either a sport-related brand or a non-sport brand. Results indicated that an unknown model identified as an athlete is more effective as an endorser where there is a match between the endorser and the product. Lukas (2007) listed out a set of criteria for choosing the most appropriate celebrities for improving the product/brand value. Congruency between endorser and the product endorsed (matching the characteristics of a celebrity endorse with the attributes of a product) is an important management principle that has to be kept in mind before hiring a celebrity. Celebrity credibility and attractiveness are few other important selection criteria for choosing among the available celebrities.

Attitude towards an advertisement refers to the positive or negative feelings toward the particular advertisement .Du Plessis et al (2003) states that attitude towards an advertisement refer to what consumers feel about the advertisement. According to McKenzie & Belch (1986), attitude towards the advertisement is defined as pre-inclination that is in a favourable or unfavourable manner to a particular advertising stimulus during a particular exposure occasion". Seno and Lukas (2005) found that celebrity endorsement has a positive impact on the attitudes of the consumer towards products and brands with which they are associated brands.

Varnali and Tosun (2017) explain that highly attractive and good looking female models perform better in advertisements related to attractiveness related products. Female models who were moderately attractive worked better in the advertisements of non-attractiveness-related products. It was found that the beauty products were more influenced by female celebrity endorsements due to them self-esteem and body-esteem

Fiona Gibson (2015) studied the effectiveness of celebrity endorsement on consumer purchasing decision, on the company, Globalcom Ghana Telecommunication Mobile Network. The results found out that consumers find celebrity endorsements

more attractive. Consumers are easily pulled towards the advertisements with celebrity endorsements in them. The youth particularly fancies usage of celebrities as an effective tool of marketing. The results also found out that celebrity endorsements increase the brand recognition and brand recall rate of the endorsed products and services. Products that have been endorsed by celebrities are easily remembered by consumers. This is of great benefit when they shop around in supermarkets. Overall, the study shows that celebrity endorsements are more attractive and effective in the purchase decision specially with Telecommunication service provider namely, Globalcom Ghana Telecommunication Mobile Network. Besides of the fact that celebrity do not use the product they endorse, consumers agree that celebrities do not really use the products endorsed, although, celebrity endorsements have a very positive impact on consumers' perceptions and attitudes towards the endorsed products and services.

Choudhary and Mukherjee (2014) studied the buying behavior of consumers towards personal care products. The study was carried out on urban and rural areas of Assam on a sample size of 1140. The study reveals in a place like Assam, the strategy of employing celebrities for endorsements works the best and is highly effective. Consumers admire the lifestyle celebrities have and thus easily believe them, especially the female consumers, in all the three dimensions - perception towards celebrity, stimuli on buying decision and celebrity endorsement. Buying decision of consumers is affected, influenced and impacted by the perception of consumers towards celebrities. Positive perception towards celebrities makes it easier for consumers to trust them. In the dimension of attractiveness, females are more sensitive than male consumers. Consumers really admire celebrities and thus it can be concluded that celebrities create positive impact and favorably convince the consumers regarding purchase decision. The study indicates that both the male and female are highly positive towards celebrity perception as well as sensitive to the celebrity advertisements.

## **Objective of the Study**

1. To compare perception of customers of durable and non-durable goods with respect to celebrity endorsement
2. To compare perception of customers of durable and non-durable goods with respect to brand congruency
3. To compare perception of customers of durable and non-durable goods with respect to attitude towards advertisement
4. To compare perception of customers of durable and non-durable goods with respect to buying behavior

## Scope and Design of the Study

Research type:	Exploratory
Sampling technique:	Convenient sampling
Sampling unit:	Viewers of celebrity endorsed advertisement of non-durable goods.
Sample size:	1000 respondents 500 durable and 500 non-durable

Tools for data collection: Questionnaire based on seven point likert scale. Questionnaire consists of 25 questions and it has been administered on viewers of celebrity endorsed advertisement of non-durable and durable goods.

Tools for data analysis: T-test. Data was analyzed with the help of statistical package for social science.

### Item Total Correlation

Questionnaire adopted in this study consisted of 25 questions; item total correlation was used in order to check the normality of the sample. As the sample size was 1000, item with correlation value less than 0.1948 should be dropped. All the items in the study had correlation values more than 0.1948 thus; no item was dropped from the questionnaire. Hence, it was found reliable for further analysis.

### Hypothesis

H<sub>01</sub>: There is no significant difference in perception of customers of durable and non-durable goods with respect to celebrity endorsement.

H<sub>02</sub>: There is no significant difference in perception of customers of durable and non-durable goods with respect to congruency.

H<sub>03</sub> : There is no significant difference in perception of customers of durable and non-durable goods with respect to attitude towards advertisement.

H<sub>04</sub> : There is no significant difference in perception of customers of durable and non-durable goods with respect to buying behaviour.

### Reliability of the Measures

Reliability of the measures was assessed with the use of Cronbach's alpha on all the 25 items. Cronbach's alpha allows us to measure the reliability of different variables. It consists of estimates of how much variation in scores of different variables is attributable to chance or random errors (Selltitz et al., 1976). As a general rule, a coefficient greater than or equal to 0.7 is considered acceptable and a good indication of construct reliability (Nunnally, 1978). The overall Cronbach's alpha for all the 25 items is .937. Hence, it was found reliable for further analysis.

## Result

Table 3(i) b depicts that the F value for between groups is 14.401 and p value is .000 therefore, null hypothesis  $H_{011}$  namely there is no significant difference in perception of customers of durable and non-durable goods with respect to celebrity endorsement is not accepted at 1% level of significance. It means that the product category namely durable and non durable goods are having significant difference in their mean values as far as celebrity endorsement is concerned. Durable goods is having highest mean value of 5.467 (table 3(i) a), hence it has high perception towards celebrity endorsement while mean value of non durable goods is 5.1656 (table 3(i) a) which represents less perception towards celebrity endorsement as compared to durable goods.

Table 3(ii) b depicts that the F value for between groups is 24.793 and p value is .000 therefore, null hypothesis  $H_{012}$  namely there is no significant difference in perception of customers of durable and non-durable goods with respect to congruency is not accepted at 1% level of significance. It means that the product category namely durable and non durable goods are having significant difference in their mean values as far as congruency is concerned. Durable goods is having highest mean value of 5.654 (table 3(ii) a), hence it has high perception towards congruency while mean value of non durable goods is 5.24 (table 3(ii) a) which represents less perception towards congruency as compared to durable goods.

Table 3(iii) b depicts that the F value for between groups is 5.665 and p value is .017 therefore, null hypothesis  $H_{013}$  namely there is no significant difference in perception of customers of durable and non-durable goods with respect to attitude towards advertisement is not accepted at 2% level of significance. It means that the product category namely durable and non durable goods are having significant difference in their mean values as far as attitude towards advertisement is concerned. Durable goods is having highest mean value of 5.33 (table 3(iii) a), hence it has high perception towards attitude towards advertisement while mean value of non durable goods is 5.012 (table 3(iii) a) which represents less perception towards attitude towards advertisement as compared to durable goods.

Table 3(iv) b depicts that the F value for between groups is 46.136 and p value is .000 therefore, null hypothesis  $H_{014}$  namely there is no significant difference in perception of customers of durable and non-durable goods with respect to buying behaviour is not accepted at 1% level of significance. It means that the product category namely durable and non durable goods are having significant difference in their mean values as far as buying behaviour is concerned. Durable goods is having highest mean value of 5.467 (table 3(iv) a), hence it has high perception towards buying behaviour while mean value of non durable goods is 5.1656 (table 3(iv) a) which represents less perception towards buying behaviour as compared to durable goods.

## Conclusion

The study found there was an effect of celebrity endorsement on consumer buying behaviour in durable and non-durable goods. This has suggestions for marketers that while promoting their brand they should hire celebrity as people get influenced with them and it becomes easier to persuade them. The study also states that in case of durable and non-durable goods celebrity does affect their buying behaviour. While endorsing celebrity marketer should select celebrity which is a best suite for their brand. For instance endorsers for products like silk saris, jewellery, toothpaste, soft drinks and clothes can be a famous actor or actress; similarly, sportspersons would be most suitable for health drink and fitness products. While designing the advertisement and selecting the celebrity, the marketer should keep in mind their target customers and they need to think wisely before selecting celebrity for their product endorsement. The marketer has to check whether the celebrity has made a favourable impression on consumers, for if the marketer selects a celebrity who is not very popular with consumers, it will have an adverse impact on consumer purchase intention. If the celebrity is using (endorsing) a certain product, the perceived value of that product will be greater than the non-endorsed product of the same category. This is a common phenomenon, the consumer is more likely to get attracted to this product rather than the product not endorsed. Celebrity, if intelligent, will endorse a particular product only when it complements his image.

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## Annexure

Table No 3(i) a Group Statistics

	ProductCategory	N	Mean	Std. Deviation	Std. Error Mean
CE	Non Durable	500	5.1656	1.05908	0.04736
	Durable	502	5.467	0.96784	0.0432

Table No 3(ii) a Group Statistics

	ProductCategory	N	Mean	Std. Deviation	Std. Error Mean
CO	Non Durable	500	5.24	1.33524	0.05971
	Durable	502	5.6541	1.11863	0.04993

Table No 3(i) b Independent Samples Test

		test for Equality of		t-test for Equality of Means						
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	ence Interval of th	
									Lower	Upper
Scale	Equal variances assumed	14.401	0	-4.7	1000	0	-0.30142	0.06409	-0.4272	-0.1757
	Equal variances not assumed			-4.7	991.27	0	-0.30142	0.0641	-0.4272	-0.1756

Table No 3(ii) b Independent Samples Test

		test for Equality of		t-test for Equality of Means						
		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	ence Interval of th	
									Lower	Upper
CO	Equal variances assumed	24.793	0	-5.32	1000	0	-0.41405	0.07781	-0.5667	-0.2614
	Equal variances not assumed			-5.32	968.92	0	-0.41405	0.07784	-0.5668	-0.2613

Table No 3(iii) a Group Statistics										
	ProductCategory	N				Mean		Std. Deviation	Std. Error Mean	
ATA	Non Durable	500				5.0123		1.3268	0.05933	
	Durable	502				5.3353		1.2121	0.0541	
Table No 3(iii) b Independent Samples Test										
	test for Equality of	t-test for Equality of Means								
	F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Confidence Interval of the Difference		
								Lower	Upper	
ATA	Equal variances assumed	5.665	0.02	-4.02	1000	0	-0.32299	0.08028	-0.4805	-0.1655
	Equal variances not assumed			-4.02	991.22	0	-0.32299	0.0803	-0.4806	-0.1654
Table No 3(iv) a Group Statistics										
	ProductCategory	N				Mean		Std. Deviation	Std. Error Mean	
BB	Non Durable	500				5.1032		1.27277	0.05692	
	Durable	502				5.6797		1.0114	0.04514	
Table No 3(iv) b Independent Samples Test										
	test for Equality of	t-test for Equality of Means								
	F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Confidence Interval of the Difference		
								Lower	Upper	
BB	Equal variances assumed	46.136	0	-7.94	1000	0	-0.57648	0.07261	-0.719	-0.434
	Equal variances not assumed			-7.94	949.85	0	-0.57648	0.07265	-0.7191	-0.4339

# Personality Traits as a predictor of Emotional Intelligence among the Gen-Y

**Ravindra Dey**

Professor and Head of Organizational Behaviour  
Xavier Institute of Management and Research, Mumbai

**Rose Jose C**

MMS Student  
Xavier Institute of Management and Research, Mumbai

## **Abstract**

The study is done to understand the relationship that exists between personality traits and emotional intelligence among Gen Y. Through this study we want to understand the significance that a person's personality plays in developing him/her into a great leader of tomorrow. Emotional intelligence is another interesting field which is gaining popularity in the recent times and thus this study is more enriching as we will be able to correlate between the two i.e. personality traits and emotional intelligence and how each individual's personality indicates the level of emotional intelligence that is present within the individual.

For a person to become a great leader, it's very crucial to have the right mix of IQ (intelligence quotient) and EQ (emotional quotient). Intelligence quotient is something which is quite visible as compared to emotional quotient and if we are able to understand clearly the relation between personality traits and emotional intelligence, it will be of great significance for the individual as well as organization. Individual, because he or she will understand what is their current level and how they can work to improve themselves into being better human beings and organizations, because they will be able to select the right candidate for the right job and most importantly to entrust the responsibility of being a leader into the right hands. Thus the study is done solely on Gen Y as they are the prospective leaders and it's important to understand their capabilities and utilize it in the best possible way.

### **Keywords:**

Personality traits, emotional intelligence, Gen Y, leadership

## **1. INTRODUCTION**

Emotional intelligence is a valuable resource that can renew and re-ignite organizational purpose and inspire people to perform better. Goleman (2009), in his

book Emotional Intelligence (EI), states that EI influences human behavior in their day-to-day life. Later, EI becomes a prominent subdivision in Human Resource Management (HRM). The focus of the present study was to investigate personality traits as the predictor of emotional intelligence (EI) among Gen-Y.

In today's challenging world, it is a crucial responsibility of the educators, student advisors, counsellors, organizations/companies to mould a generation which possesses healthy and enriched personality traits, a higher level of intelligence, a higher level of emotional intelligence, good coping abilities, and higher achievement orientation. For inculcating such attributes in the youth, emotional intelligence coupled with an enriched personality is recognized as core competencies for leadership positions.

### **1.1 Problem Statement**

In the recent years lot of emphasis is given to emotional intelligence. Experts believe it's important to have EQ (emotional quotient) rather than IQ (intelligence quotient). As a result, companies are also concerned to know whether the employees possess the required EQ or not. Since the concept is new, it puts lot of pressure on the organisations as they are unable to determine the yardstick through which they will be able to solve this issue or find a solution for the same.

### **1.2 Objective of the study:**

This study aims at understanding the relationship between personality traits and emotional intelligence. The objectives of the study are as follows:

- To find out the relationship between personality traits and emotional intelligence.
- To find out whether personality traits can predict the level of emotional intelligence present in an individual.
- To understand the relationship that exist between personality traits and emotional intelligence specifically among the Gen-Y category.
- To understand whether there is any difference in the relationship between personality traits and emotional intelligence based on gender.

### **1.3 Purpose of the study:**

Today organizations strive hard to compete and secure their position in the market. For which it's important to have the right fit for the right job and most importantly, to have the right leaders or top level management in place for the growth and development of the organization. The purpose of this study is to understand whether the personality traits can be a predictor of emotional intelligence and how it affects or what is its implication on Gen-Y, as they are the prospective future leaders.

## **2. LITERATURE REVIEW**

### **2.1 Personality Traits**

When we observe people around us, one of the first things that strikes us is how different people are from one another. Some people are very talkative while others are very quiet. Some are active whereas others are couch potatoes. Some worry a lot, others almost never seem anxious. Each time we use one of these words, words like “talkative,” “quiet,” “active,” or “anxious,” to describe those around us, we are talking about a person’s personality-the characteristic ways that people differ from one another. Personality psychologists try to describe and understand these differences.

Personality traits reflect people’s characteristic patterns of thoughts, feelings, and behaviour’s. Personality traits imply consistency and stability; someone who scores high on a specific trait like Extraversion is expected to be sociable in different situations and over time. Thus, trait psychology rests on the idea that people differ from one another in terms of where they stand on a set of basic trait dimensions that persist over time and across situations.

### **2.2 Emotional Intelligence**

Emotion is an outcome of the interaction flanked by the physiological stimulation and evaluation of the situation. As soon as a physiological stimulation is experienced, it is the stimulus or situation or events in the surroundings of a person that spell out which emotions will be experienced by the person. Emotions and moods are a natural part of an individual’s makeup. One cannot divorce emotions from the workplace because you cannot divorce emotions from people.

EI is the ability of a person to detect and to handle emotional cues and information and respond accordingly. The concept of emotional intelligence has inspired numerous school-based programs of social and emotional learning, as well as management training programs.

### **2.3 Relation between Personality Traits and Emotional Intelligence**

According to Goleman (2009), emotional intelligence can affect an individual’s success in an organization. Carmeli and Jozman (2006) observed that employees who are high in emotional intelligence are expected to attend higher achievements in both the work place and their personal life, as well as contribute significantly to the performance of their organization. On the other hand, understanding an individual’s personality is very consequential to administrators since this understanding will help assign people into jobs as well as give them clues about how employees are likely to behave in different situations. Morris and Maisto (2008) stated that personality is the unique pattern of thoughts, feelings and behaviours that seem to persist overtime and

across various situations. The unique differences referred to above are aspects of distinguishing an individual from everyone else.

### 3. HYPOTHESIS

The hypothesis for the study is as follows:

- Ho1:** There is no correlation between Emotional Intelligence and Extraversion.
- Ho2:** There is no correlation between Emotional Intelligence and Anxiety.
- Ho3:** There is no correlation between Emotional Intelligence and Tough-Mindedness.
- Ho4:** There is no correlation between Emotional Intelligence and Independence.
- Ho5:** There is no correlation between Emotional Intelligence and Self-Control.
- Ho6:** There is no correlation between Emotional Intelligence and Warmth.
- Ho7:** There is no correlation between Emotional Intelligence and Reasoning.
- Ho8:** There is no correlation between Emotional Intelligence and Emotional Stability.
- Ho9:** There is no correlation between Emotional Intelligence and Dominance.
- Ho10:** There is no correlation between Emotional Intelligence and Liveliness.
- Ho11:** There is no correlation between Emotional Intelligence and Rule-Consciousness.
- Ho12:** There is no correlation between Emotional Intelligence and Social Boldness.
- Ho13:** There is no correlation between Emotional Intelligence and Sensitivity.
- Ho14:** There is no correlation between Emotional Intelligence and Vigilance.
- Ho15:** There is no correlation between Emotional Intelligence and Abstractedness.
- Ho16:** There is no correlation between Emotional Intelligence and Privatness.
- Ho17:** There is no correlation between Emotional Intelligence and Apprehension.
- Ho18:** There is no correlation between Emotional Intelligence and Openness to Change.
- Ho19:** There is no correlation between Emotional Intelligence and Self-Reliance.
- Ho20:** There is no correlation between Emotional Intelligence and Perfectionism.
- Ho21:** There is no correlation between Emotional Intelligence and Tension.
- Ho22:** There is no difference in Emotional Intelligence based on Gender.

### 4. RESEARCH METHODOLOGY

The objective of the study was to identify whether personality traits can predict the level of emotional intelligence present in an individual. Hence for this purpose, a quantitative study seemed more apt as against a qualitative study. The study solely relies on primary data collected from individuals belonging to Gen-Y category. The data was collected through a structured questionnaire. It was an objective questionnaire with no room for subjective answers.

#### 4.1 Primary Data

The primary data was collected administering the questionnaire to 105 individuals.

## **4.2 Secondary Data**

The secondary data was gathered by reviewing various research papers and articles published by different authors on similar subject.

## **4.3 Research Instruments**

Two instruments were used for the purpose of this research, as follows:

16PF (To measure the different personality traits)

EQ (To measure the level of emotional intelligence present in an individual)

### **16 PF (Personality Factors)**

The questionnaire consisted of 185 questions, which gave us an understanding of 5 Global Factors and 16 Personality Factors.

#### **The 5 Global Factors are as follows:**

1. Extraversion (EX)
2. Anxiety (AX)
3. Tough-Mindedness (TM)
4. Independence (IN)
5. Self-Control (SC)

#### **The 16 Factors are as follows:**

1. Warmth (A)
2. Reasoning (B)
3. Emotional Stability (C)
4. Dominance (E)
5. Liveliness (F)
6. Rule-Consciousness (G)
7. Social Boldness (H)
8. Sensitivity (I)
9. Vigilance (L)
10. Abstractedness (M)
11. Privatness (N)
12. Apprehension (O)
13. Openness to Change (Q1)
14. Self-Reliance (Q2)
15. Perfectionism (Q3)
16. Tension (Q4)

### **EQ (Emotional Questionnaire)**

This questionnaire consisted of 90 questions, which helped us to understand 14 emotional factors.

They are as follows:

1. Realistic Orientation (RO)
2. Self-assertion (SA)
3. Impulse Control (IC)
4. Empathy (E)
5. Communication and cooperation (CC)
6. Optimism (O)
7. Self - awareness (SAW)
8. Innovative / Creative Instincts (I / CI)
9. Risk taking (RT)
10. Analytical (A)
11. Social self / effective relationship (SS/ER)
12. Enterprising / Initiative taker (E / IT)
13. Artistic (AT)
14. Well adjusted (WA)

#### 4.4 Logical Analysis

Effective and efficient data analysis is the result of effective data preparation. Data preparation involved transferring the questionnaire into an electronic format, which permitted and enabled data processing. Microsoft Excel was used to compile the data. This data further used Statistical Program for Social Sciences (SPSS-Ver 20) software for further analysis and interpretation.

## 5. RESULTS AND DISCUSSION

To understand the impact and the nature of relationship between the personality traits and emotional intelligence, Karl Pearson's coefficient of correlation was calculated. (Refer *Table 1a*)

*Table 1a* indicates data for correlations between Emotional Intelligence and global factors such as Extraversion, Anxiety, Tough-Mindedness, Independence and Self-Control.

*Table 1a* indicates a high positive correlation between Emotional Intelligence and Extraversion at 0.01 significant level therefore we *reject* the first null hypothesis that there is no correlation between Emotional Intelligence and Extraversion.

*Table 1a* also indicates a high negative correlation between Emotional Intelligence and Anxiety at 0.01 significant level therefore we *reject* the second null hypothesis that there is no correlation between Emotional Intelligence and Anxiety.

*Table 1a* also indicates no correlations between Emotional Intelligence and Tough Mindedness; therefore we accept the third null hypothesis that there is no correlation between Emotional Intelligence and Tough-Mindedness.

*Table 1a* also indicates a high positive correlation between Emotional Intelligence and Independence at 0.01 significant level therefore we reject the fourth null hypothesis that there is no correlation between Emotional Intelligence and Independence

*Table 1a* also indicates no correlations between Emotional Intelligence and Self-Control; therefore we accept the fifth null hypothesis that there is no correlation between Emotional Intelligence and Self-Control.

*Table 2a* indicates data for correlations between Emotional Intelligence and 16 personality factors such as Warmth, Reasoning, Emotional Stability, Dominance, Liveliness, Rule-Consciousness, Social Boldness, Sensitivity, Vigilance, Abstractedness, Privatness, Apprehension, Openness to Change, Self-Reliance, Perfectionism and Tension.

*Table 2a* indicates a high positive correlation between Emotional Intelligence and Warmth at 0.01 significant level therefore we reject the sixth null hypothesis that there is no correlation between Emotional Intelligence and Warmth.

*Table 2a* also indicates no correlations between Emotional Intelligence and Reasoning; therefore we accept the seventh null hypothesis that there is no correlation between Emotional Intelligence and Reasoning.

*Table 2a* indicates a high positive correlation between Emotional Intelligence and Emotional Stability at 0.01 significant level therefore we reject the eighth null hypothesis that there is no correlation between Emotional Intelligence and Emotional Stability.

*Table 2a* indicates a high positive correlation between Emotional Intelligence and Dominance at 0.01 significant level therefore we reject the ninth null hypothesis that there is no correlation between Emotional Intelligence and Dominance.

*Table 2a* indicates a positive correlation between Emotional Intelligence and Liveliness at 0.05 significant level therefore we reject the tenth null hypothesis that there is no correlation between Emotional Intelligence and Liveliness.

*Table 2a* also indicates no correlations between Emotional Intelligence and Rule-Consciousness; therefore we accept the eleventh null hypothesis that there is no correlation between Emotional Intelligence and Rule-Consciousness.

*Table 2a* indicates a high positive correlation between Emotional Intelligence and Social Boldness at 0.01 significant level therefore we reject the twelfth null hypothesis that there is no correlation between Emotional Intelligence and Social Boldness.

*Table 2a* indicates a negative correlation between Emotional Intelligence and Sensitivity at 0.05 significant level therefore we reject the thirteenth null hypothesis that there is no correlation between Emotional Intelligence and Sensitivity.

*Table 2a* also indicates no correlations between Emotional Intelligence and Vigilance; therefore we accept the fourteenth null hypothesis that there is no correlation between Emotional Intelligence and Vigilance.

*Table 2a* also indicates no correlations between Emotional Intelligence and Abstractedness; therefore we accept the fifteenth null hypothesis that there is no correlation between Emotional Intelligence and Abstractedness.

*Table 2a* also indicates no correlations between Emotional Intelligence and Privatness; therefore we accept the sixteenth null hypothesis that there is no correlation between Emotional Intelligence and Privatness.

*Table 2a* indicates a negative correlation between Emotional Intelligence and Apprehension at 0.05 significant level therefore we reject the seventeenth null hypothesis that there is no correlation between Emotional Intelligence and Apprehension.

*Table 2a* indicates a high positive correlation between Emotional Intelligence and Openness to Change at 0.01 significant level therefore we reject the eighteenth null hypothesis that there is no correlation between Emotional Intelligence and Openness to Change.

*Table 2a* indicates a high negative correlation between Emotional Intelligence and Self-Reliance at 0.01 significant level therefore we reject the nineteenth null hypothesis that there is no correlation between Emotional Intelligence and Self-Reliance.

*Table 2a* indicates a positive correlation between Emotional Intelligence and Perfectionism at 0.05 significant level therefore we reject the twentieth null hypothesis that there is no correlation between Emotional Intelligence and Perfectionism.

*Table 2a* also indicates no correlations between Emotional Intelligence and Tension; therefore we accept the twenty-first null hypothesis that there is no correlation between Emotional Intelligence and Tension.

## 5.1 Regression Analysis

As seen above there is Correlation between Emotional Intelligence and few Global Factors and few 16 personality factors. We would further do regression analysis for the items which are correlated. This will help us to indicate Emotional Intelligence based on personality traits.

Regression results for Emotional Intelligence and Extraversion is shown in *Table 3a*. We see that the correlation between Emotional Intelligence and Extraversion is .320 exactly what we see in *Table 2a*. This indicates a strong association between the two variables. We carried out further regression analysis that will allow us to predict values of emotional intelligence (variable y) values of extraversion (variable x). The prediction equation is  $Y = a + bx$ . Thus our prediction equation would be  $Y' = 3.062 + .361X$  where Y is the dependent variable and x is the independent variable.

Regression results for Emotional Intelligence and Anxiety is shown in *Table 3b*. We see that the correlation between Emotional Intelligence and Anxiety is .366 exactly what we see in *Table 2a*. This indicates a strong association between the two variables. We carried out further regression analysis that will allow us to predict values of emotional intelligence (variable y) values of anxiety (variable x). The prediction equation is  $Y = a + bx$ . Thus our prediction equation would be  $Y' = 7.291 + (-.361)X$  where Y is the dependent variable and x is the independent variable.

Regression results for Emotional Intelligence and Independence is shown in *Table 3c*. We see that the correlation between Emotional Intelligence and Independence is .415 exactly what we see in *Table 2a*. This indicates a strong association between the two variables. We carried out further regression analysis that will allow us to predict values of emotional intelligence (variable y) values of independence (variable x). The prediction equation is  $Y = a + bx$ . Thus our prediction equation would be  $Y' = 2.817 + .404X$  where Y is the dependent variable and x is the independent variable.

Regression results for Emotional Intelligence and Warmth is shown in *Table 3d*. We see that the correlation between Emotional Intelligence and Warmth is .258 exactly what we see in *Table 2a*. This indicates a strong association between the two variables. We carried out further regression analysis that will allow us to predict values of emotional intelligence (variable y) values of warmth (variable x). The prediction equation is  $Y = a + bx$ . Thus our prediction equation would be  $Y' = 3.572 + .251X$  where Y is the dependent variable and x is the independent variable.

Regression results for Emotional Intelligence and Emotional Stability is shown in *Table 3e*. We see that the correlation between Emotional Intelligence and Emotional Stability is .446 exactly what we see in *Table 2a*. This indicates a strong association between the two variables. We carried out further regression analysis that will allow us to predict values of emotional intelligence (variable y) values of emotional stability (variable x). The prediction equation is  $Y = a + bx$ . Thus our prediction equation

would be  $Y' = 2.933 + .444X$  where Y is the dependent variable and x is the independent variable.

Regression results for Emotional Intelligence and Dominance is shown in *Table 3f*. We see that the correlation between Emotional Intelligence and Dominance is .333 exactly what we see in *Table 2a*. This indicates a strong association between the two variables. We carried out further regression analysis that will allow us to predict values of emotional intelligence (variable y) values of dominance (variable x). The prediction equation is  $Y = a + bx$ . Thus our prediction equation would be  $Y' = 3.692 + .280X$  where Y is the dependent variable and x is the independent variable.

Regression results for Emotional Intelligence and Liveliness is shown in *Table 3g*. We see that the correlation between Emotional Intelligence and Liveliness is .237 exactly what we see in *Table 2a*. This indicates a strong association between the two variables. We carried out further regression analysis that will allow us to predict values of emotional intelligence (variable y) values of liveliness (variable x). The prediction equation is  $Y = a + bx$ . Thus our prediction equation would be  $Y' = 3.624 + .274X$  where Y is the dependent variable and x is the independent variable.

Regression results for Emotional Intelligence and Social Boldness is shown in *Table 3h*. We see that the correlation between Emotional Intelligence and Social Boldness is .323 exactly what we see in *Table 2a*. This indicates a strong association between the two variables. We carried out further regression analysis that will allow us to predict values of emotional intelligence (variable y) values of social boldness (variable x). The prediction equation is  $Y = a + bx$ . Thus our prediction equation would be  $Y' = 3.225 + .352X$  where Y is the dependent variable and x is the independent variable.

Regression results for Emotional Intelligence and Sensitivity is shown in *Table 3i*. We see that the correlation between Emotional Intelligence and Sensitivity is .223 exactly what we see in *Table 2a*. This indicates a strong association between the two variables. We carried out further regression analysis that will allow us to predict values of emotional intelligence (variable y) values of sensitivity (variable x). The prediction equation is  $Y = a + bx$ . Thus our prediction equation would be  $Y' = 6.495 + .184X$  where Y is the dependent variable and x is the independent variable.

Regression results for Emotional Intelligence and Apprehension is shown in *Table 3j*. We see that the correlation between Emotional Intelligence and Apprehension is .245 exactly what we see in *Table 2a*. This indicates a strong association between the two variables. We carried out further regression analysis that will allow us to predict values of emotional intelligence (variable y) values of apprehension (variable x). The prediction equation is  $Y = a + bx$ . Thus our prediction equation would be  $Y' = 6.719 + (-.286)X$  where Y is the dependent variable and x is the independent variable.

Regression results for Emotional Intelligence and Openness to Change is shown in *Table 3k*. We see that the correlation between Emotional Intelligence and Openness to Change is .388 exactly what we see in *Table 2a*. This indicates a strong association between the two variables. We carried out further regression analysis that will allow us to predict values of emotional intelligence (variable y) values of openness to change (variable x). The prediction equation is  $Y = a + bx$ . Thus our prediction equation would be  $Y' = 3.059 + .360X$  where Y is the dependent variable and x is the independent variable.

Regression results for Emotional Intelligence and Openness to Self Reliance is shown in *Table 3l*. We see that the correlation between Emotional Intelligence and Self Reliance is .281 exactly what we see in *Table 2a*. This indicates a strong association between the two variables. We carried out further regression analysis that will allow us to predict values of emotional intelligence (variable y) values of self reliance (variable x). The prediction equation is  $Y = a + bx$ . Thus our prediction equation would be  $Y' = 6.819 + (-.316)X$  where Y is the dependent variable and x is the independent variable.

Regression results for Emotional Intelligence and Openness to Perfectionism is shown in *Table 3m*. We see that the correlation between Emotional Intelligence and Perfectionism is .234 exactly what we see in *Table 2a*. This indicates a strong association between the two variables. We carried out further regression analysis that will allow us to predict values of emotional intelligence (variable y) values of perfectionism (variable x). The prediction equation is  $Y = a + bx$ . Thus our prediction equation would be  $Y' = 3.780 + .257X$  where Y is the dependent variable and x is the independent variable.

## **5.2 T-test for Emotional Intelligence among Gender**

One of the objectives of this study is to understand the difference in Emotional Intelligence based on genders. In this sample of 105 respondents, there are 45 males and 60 females. The mean scores for male is 5.47 and for female the mean score is 4.97. The t-test between genders for Emotional Intelligence yields a probability of .42 and since this probability is greater than 0.5, we conclude that the variances are statistically different from one another and that t-test statistics should not be based on equal variances. So further results indicates t-value of -1.458, with 99 degree of freedom and a probability of .15. As this is greater than .05, we conclude that males and females had similar mean for emotional intelligence. (*Refer Table 4*) It means there is no statistical difference between the mean score of male and female respondent. Thereby we accept the twenty-second null hypothesis that there is no difference in emotional intelligence based on gender.

## 6. LIMITATION AND FUTURE SCOPE OF STUDY

The various limitations to this study are:

1. A lack of time and resources limited our sample group to 105 respondents only. With increased time and resources a greater sample size could have been drawn.
2. The sample was collected only from people belonging to Gen-Y category. Sample across other categories would have given more variety and insights to the whole study.

## 7. RECOMMENDATIONS & CONCLUSION

The survey depicts that there is a very strong relationship between personality traits and emotional intelligence. In today's world it's very important to give emphasis to emotional stability to be competitive in the market. The study shows if proper emphasis given, organizations would be able to hire the right fit for the right job.

The study also states that there is no significant difference between the perception of male and female when it comes to emotional intelligence. Once the right fit is obtained, employees will be more productive which will benefit both the organization and the employee, as employee will be able to give his/her best and organization gets the best.

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## Annexures

**Table 1a: Correlation of Scales**

		Correlations					
		Etot	G1	G2	G3	G4	G5
Etot	Pearson Correlation	1	.320**	-.366**	-.137	.415**	.155
	Sig. (2-tailed)		.001	.000	.164	.000	.115
	N	105	105	105	105	105	105
G1	Pearson Correlation	.320**	1	-.246*	-.137	.327**	-.114
	Sig. (2-tailed)	.001		.011	.163	.001	.248
	N	105	105	105	105	105	105
G2	Pearson Correlation	-.366**	-.246*	1	-.180	-.122	-.120
	Sig. (2-tailed)	.000	.011		.066	.215	.223
	N	105	105	105	105	105	105
G3	Pearson Correlation	-.137	-.137	-.180	1	-.268**	.058
	Sig. (2-tailed)	.164	.163	.066		.006	.559
	N	105	105	105	105	105	105
G4	Pearson Correlation	.415**	.327**	-.122	-.268**	1	.113
	Sig. (2-tailed)	.000	.001	.215	.006		.252
	N	105	105	105	105	105	105
G5	Pearson Correlation	.155	-.114	-.120	.058	.113	1
	Sig. (2-tailed)	.115	.248	.223	.559	.252	
	N	105	105	105	105	105	105

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

\* Correlation is significant at the 0.05 level (2-tailed).

**Table 2a: Correlation of Sub-scales**

		Correlations					
		Etot	O1	O2	O3	O4	O5
Etot	Pearson Correlation	1	.258**	.067	.446**	.333**	.237*
	Sig. (2-tailed)		.008	.495	.000	.001	.015
	N	105	105	105	105	105	105
O1	Pearson Correlation	.258**	1	.048	.075	.195*	.171
	Sig. (2-tailed)	.008		.625	.448	.046	.081
	N	105	105	105	105	105	105
O2	Pearson Correlation	.067	.048	1	.196*	.198*	-.043
	Sig. (2-tailed)	.495	.625		.045	.043	.662
	N	105	105	105	105	105	105
O3	Pearson Correlation	.446**	.075	.196*	1	.259**	.142
	Sig. (2-tailed)	.000	.448	.045		.008	.149
	N	105	105	105	105	105	105
O4	Pearson Correlation	.333**	.195*	.198*	.259**	1	.186
	Sig. (2-tailed)	.001	.046	.043	.008		.058
	N	105	105	105	105	105	105
O5	Pearson Correlation	.237*	.171	-.043	.142	.186	1
	Sig. (2-tailed)	.015	.081	.662	.149	.058	
	N	105	105	105	105	105	105

**Correlations**

		O6	O7	O8	O9	O10	O11
Etot	Pearson Correlation	.167	.323**	-.223*	-.055	-.091	-.064
	Sig. (2-tailed)	.088	.001	.022	.579	.355	.517
	N	105	105	105	105	105	105
O1	Pearson Correlation	.080	.342**	.234*	.012	-.114	-.382**
	Sig. (2-tailed)	.420	.000	.016	.903	.247	.000
	N	105	105	105	105	105	105
O2	Pearson Correlation	-.071	.031	-.077	-.191	-.177	.062
	Sig. (2-tailed)	.469	.754	.437	.052	.071	.531
	N	105	105	105	105	105	105
O3	Pearson Correlation	.092	.384**	-.240*	-.209*	-.469**	.085
	Sig. (2-tailed)	.352	.000	.014	.033	.000	.387
	N	105	105	105	105	105	105
O4	Pearson Correlation	-.022	.156	-.187	-.105	-.167	-.014
	Sig. (2-tailed)	.822	.112	.056	.286	.088	.889
	N	105	105	105	105	105	105
O5	Pearson Correlation	-.242*	.365**	-.188	.021	-.025	-.107
	Sig. (2-tailed)	.013	.000	.055	.828	.796	.276
	N	105	105	105	105	105	105

**Correlations**

		O12	O13	O14	O15	O16
Etot	Pearson Correlation	-.245*	.388**	-.281**	.234*	-.179
	Sig. (2-tailed)	.012	.000	.004	.016	.068
	N	105	105	105	105	105
O1	Pearson Correlation	-.005	.107	-.467**	.044	.002
	Sig. (2-tailed)	.961	.278	.000	.657	.985
	N	105	105	105	105	105
O2	Pearson Correlation	-.018	-.078	-.156	-.069	.117
	Sig. (2-tailed)	.858	.430	.112	.481	.234
	N	105	105	105	105	105
O3	Pearson Correlation	-.495**	.249*	-.369**	.019	-.299**
	Sig. (2-tailed)	.000	.010	.000	.844	.002
	N	105	105	105	105	105
O4	Pearson Correlation	-.014	.370**	-.148	.235*	.157
	Sig. (2-tailed)	.889	.000	.132	.016	.110
	N	105	105	105	105	105
O5	Pearson Correlation	-.122	.002	-.383**	-.054	.077
	Sig. (2-tailed)	.216	.986	.000	.583	.436
	N	105	105	105	105	105

**Correlations**

		Etot	O1	O2	O3	O4	O5
O6	Pearson Correlation	.167	.080	-.071	.092	-.022	-.242
	Sig. (2-tailed)	.088	.420	.469	.352	.822	.013
	N	105	105	105	105	105	105
O7	Pearson Correlation	.323**	.342**	.031	.384**	.156	.365**
	Sig. (2-tailed)	.001	.000	.754	.000	.112	.000
	N	105	105	105	105	105	105
O8	Pearson Correlation	-.223**	.234*	-.077	-.240*	-.187	-.188
	Sig. (2-tailed)	.022	.016	.437	.014	.056	.055
	N	105	105	105	105	105	105
O9	Pearson Correlation	-.055	.012	-.191	-.209*	-.105	.021
	Sig. (2-tailed)	.579	.903	.052	.033	.286	.828
	N	105	105	105	105	105	105
O10	Pearson Correlation	-.091	-.114	-.177	-.469**	-.167	-.025
	Sig. (2-tailed)	.355	.247	.071	.000	.088	.796
	N	105	105	105	105	105	105
O11	Pearson Correlation	-.064	-.382**	.062	.085	-.014	-.107
	Sig. (2-tailed)	.517	.000	.531	.387	.889	.276
	N	105	105	105	105	105	105
O12	Pearson Correlation	-.245*	-.005	-.018	-.495**	-.014	-.122
	Sig. (2-tailed)	.012	.961	.858	.000	.889	.216
	N	105	105	105	105	105	105
O13	Pearson Correlation	.388**	.107	-.078	.249*	.370**	.002
	Sig. (2-tailed)	.000	.278	.430	.010	.000	.988
	N	105	105	105	105	105	105
O14	Pearson Correlation	-.281**	-.467**	-.156	-.369**	-.148	-.383**
	Sig. (2-tailed)	.004	.000	.112	.000	.132	.000
	N	105	105	105	105	105	105
O15	Pearson Correlation	.234*	.044	-.069	.019	.235*	-.054
	Sig. (2-tailed)	.016	.657	.481	.844	.016	.583
	N	105	105	105	105	105	105
O16	Pearson Correlation	-.179	.002	.117	-.299**	.157	.077
	Sig. (2-tailed)	.068	.985	.234	.002	.110	.436
	N	105	105	105	105	105	105

**Correlations**

		O6	O7	O8	O9	O10	O11
O6	Pearson Correlation	1	-.099	.043	.127	-.219*	.113
	Sig. (2-tailed)		.316	.667	.196	.025	.251
	N	105	105	105	105	105	105
O7	Pearson Correlation	-.099	1	-.106	.061	-.164	-.272**
	Sig. (2-tailed)	.316		.280	.536	.094	.005
	N	105	105	105	105	105	105
O8	Pearson Correlation	.043	-.106	1	.146	-.028	.112
	Sig. (2-tailed)	.667	.280		.139	.778	.256
	N	105	105	105	105	105	105
O9	Pearson Correlation	.127	.061	.146	1	.070	-.008
	Sig. (2-tailed)	.196	.536	.139		.479	.934
	N	105	105	105	105	105	105
O10	Pearson Correlation	-.219*	-.164	-.028	.070	1	-.115
	Sig. (2-tailed)	.025	.094	.778	.479		.244
	N	105	105	105	105	105	105
O11	Pearson Correlation	.113	-.272**	.112	-.008	-.115	1
	Sig. (2-tailed)	.251	.005	.256	.934	.244	
	N	105	105	105	105	105	105
O12	Pearson Correlation	.021	-.334**	.274**	.188	.292**	.030
	Sig. (2-tailed)	.828	.000	.005	.055	.002	.761
	N	105	105	105	105	105	105
O13	Pearson Correlation	.019	.128	-.133	.017	-.073	.038
	Sig. (2-tailed)	.844	.193	.176	.863	.458	.702
	N	105	105	105	105	105	105
O14	Pearson Correlation	-.037	-.402**	.038	.219*	.384**	.268*
	Sig. (2-tailed)	.711	.000	.701	.025	.000	.006
	N	105	105	105	105	105	105
O15	Pearson Correlation	.347**	-.026	.067	.158	-.171	.023
	Sig. (2-tailed)	.000	.795	.495	.107	.081	.819
	N	105	105	105	105	105	105
O16	Pearson Correlation	-.124	-.135	.191	.230*	.144	.160
	Sig. (2-tailed)	.208	.171	.052	.018	.144	.104
	N	105	105	105	105	105	105

**Correlations**

		O12	O13	O14	O15	O16
O6	Pearson Correlation	.021	.019	-.037	.347**	-.124
	Sig. (2-tailed)	.828	.844	.711	.000	.208
	N	105	105	105	105	105
O7	Pearson Correlation	-.334**	.128	-.402**	-.026	-.135
	Sig. (2-tailed)	.000	.193	.000	.795	.171
	N	105	105	105	105	105
O8	Pearson Correlation	.274**	-.133	.038	.067	.191
	Sig. (2-tailed)	.005	.176	.701	.495	.052
	N	105	105	105	105	105
O9	Pearson Correlation	.188	.017	.219	.158	.230
	Sig. (2-tailed)	.055	.863	.025	.107	.018
	N	105	105	105	105	105
O10	Pearson Correlation	.292**	-.073	.384**	-.171	.144
	Sig. (2-tailed)	.002	.458	.000	.081	.144
	N	105	105	105	105	105
O11	Pearson Correlation	.030	.038	.268**	.023	.160
	Sig. (2-tailed)	.761	.702	.006	.819	.104
	N	105	105	105	105	105
O12	Pearson Correlation	1	-.116	.172	.149	.385**
	Sig. (2-tailed)		.239	.079	.131	.000
	N	105	105	105	105	105
O13	Pearson Correlation	-.116	1	-.167	.110	-.124
	Sig. (2-tailed)	.239		.089	.265	.206
	N	105	105	105	105	105
O14	Pearson Correlation	.172	-.167	1	.016	.178
	Sig. (2-tailed)	.079	.089		.868	.069
	N	105	105	105	105	105
O15	Pearson Correlation	.149	.110	.016	1	.005
	Sig. (2-tailed)	.131	.265	.868		.957
	N	105	105	105	105	105
O16	Pearson Correlation	.385**	-.124	.178	.005	1
	Sig. (2-tailed)	.000	.206	.069	.957	
	N	105	105	105	105	105

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

\* . Correlation is significant at the 0.05 level (2-tailed).

**Table 3a: Regression Analysis – Emotional Intelligence and Extraversion**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.320 <sup>a</sup>	.103	.094	1.684

a. Predictors: (Constant), G1

**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	33.430	1	33.430	11.787	.001 <sup>b</sup>
	Residual	292.132	103	2.836		
	Total	325.562	104			

a. Dependent Variable: Etot

b. Predictors: (Constant), G1

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.062	.639		4.792	.000
	G1	.361	.105	.320	3.433	.001

a. Dependent Variable: Etot

**Table 3b: Regression Analysis – Emotional Intelligence and Anxiety**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.366 <sup>a</sup>	.134	.126	1.654

a. Predictors: (Constant), G2

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.707	1	43.707	15.972	.000 <sup>b</sup>
	Residual	281.855	103	2.736		
	Total	325.562	104			

a. Dependent Variable: Etot

b. Predictors: (Constant), G2

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.291	.552		13.204	.000
	G2	-.361	.090	-.366	-3.997	.000

a. Dependent Variable: Etot

**Table 3c: Regression Analysis – Emotional Intelligence and Independence**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.415 <sup>a</sup>	.172	.164	1.617

a. Predictors: (Constant), G4

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	56.153	1	56.153	21.468	.000 <sup>b</sup>
	Residual	269.409	103	2.616		
	Total	325.562	104			

a. Dependent Variable: Etot

b. Predictors: (Constant), G4

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.817	.534		5.274	.000
	G4	.404	.087	.415	4.633	.000

a. Dependent Variable: Etot

**Table 3d: Regression Analysis – Emotional Intelligence and Warmth**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.258 <sup>a</sup>	.066	.057	1.718

a. Predictors: (Constant), O1

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.648	1	21.648	7.337	.008 <sup>b</sup>
	Residual	303.914	103	2.951		
	Total	325.562	104			

a. Dependent Variable: Etot

b. Predictors: (Constant), O1

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.572	.617		5.786	.000
	O1	.251	.093	.258		

a. Dependent Variable: Etot

**Table 3e: Regression Analysis – Emotional Intelligence and Emotional Stability**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.446 <sup>a</sup>	.199	.191	1.592

a. Predictors: (Constant), O3

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	64.646	1	64.646	25.520	.000 <sup>b</sup>
	Residual	260.916	103	2.533		
	Total	325.562	104			

a. Dependent Variable: Etot

b. Predictors: (Constant), O3

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.933	.471		6.225	.000
	O3	.444	.088	.446		

a. Dependent Variable: Etot

**Table 3f: Regression Analysis – Emotional Intelligence and Dominance**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.333 <sup>a</sup>	.111	.102	1.676

a. Predictors: (Constant), O4

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.143	1	36.143	12.863	.001 <sup>b</sup>
	Residual	289.419	103	2.810		
	Total	325.562	104			

a. Dependent Variable: Etot

b. Predictors: (Constant), O4

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.692	.446		8.276	.000
	O4	.280	.078	.333	3.586	.001

a. Dependent Variable: Etot

**Table 3g: Regression Analysis – Emotional Intelligence and Liveliness**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.237 <sup>a</sup>	.056	.047	1.727

a. Predictors: (Constant), O5

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.335	1	18.335	6.147	.015 <sup>b</sup>
	Residual	307.227	103	2.983		
	Total	325.562	104			

a. Dependent Variable: Etot

b. Predictors: (Constant), O5

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.624	.650		5.575	.000
	O5	.274	.110	.237	2.479	.015

a. Dependent Variable: Etot

**Table 3h: Regression Analysis – Emotional Intelligence and Social Boldness**

## Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.323 <sup>a</sup>	.104	.095	1.683

a. Predictors: (Constant), O7

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.881	1	33.881	11.964	.001 <sup>b</sup>
	Residual	291.681	103	2.832		
	Total	325.562	104			

a. Dependent Variable: Etot

b. Predictors: (Constant), O7

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.225	.589		5.475	.000
	O7	.352	.102	.323	3.459	.001

a. Dependent Variable: Etot

**Table 3i: Regression Analysis – Emotional Intelligence and Sensitivity**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.223 <sup>a</sup>	.050	.040	1.733

a. Predictors: (Constant), O8

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.134	1	16.134	5.371	.022 <sup>b</sup>
	Residual	309.428	103	3.004		
	Total	325.562	104			

a. Dependent Variable: Etot

b. Predictors: (Constant), O8

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.495	.592		10.978	.000
	O8	-.184	.079	-.223	-2.317	.022

a. Dependent Variable: Etot

**Table 3j: Regression Analysis – Emotional Intelligence and Apprehension**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.245 <sup>a</sup>	.060	.051	1.724

a. Predictors: (Constant), O12

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.502	1	19.502	6.563	.012 <sup>b</sup>
	Residual	306.059	103	2.971		
	Total	325.562	104			

a. Dependent Variable: Etot

b. Predictors: (Constant), O12

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.719	.623		10.777	.000
	O12	-.286	.112	-.245	-2.562	.012

a. Dependent Variable: Etot

**Table 3k: Regression Analysis – Emotional Intelligence and Openness to Change**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.388 <sup>a</sup>	.150	.142	1.639

a. Predictors: (Constant), O13

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	48.944	1	48.944	18.225	.000 <sup>b</sup>
	Residual	276.618	103	2.686		
	Total	325.562	104			

a. Dependent Variable: Etot

b. Predictors: (Constant), O13

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.059	.522		5.859	.000
	O13	.360	.084	.388	4.269	.000

a. Dependent Variable: Etot

**Table 3l: Regression Analysis – Emotional Intelligence and Self Reliance**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.281 <sup>a</sup>	.079	.070	1.706

a. Predictors: (Constant), O14

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.750	1	25.750	8.846	.004 <sup>b</sup>
	Residual	299.812	103	2.911		
	Total	325.562	104			

a. Dependent Variable: Etot

b. Predictors: (Constant), O14

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.819	.575		11.851	.000
	O14	-.316	.106	-.281	-2.974	.004

a. Dependent Variable: Etot

**Table 3m: Regression Analysis – Emotional Intelligence and Perfectionism**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.234 <sup>a</sup>	.055	.045	1.729

a. Predictors: (Constant), O15

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.791	1	17.791	5.954	.016 <sup>b</sup>
	Residual	307.771	103	2.988		
	Total	325.562	104			

a. Dependent Variable: Etot

b. Predictors: (Constant), O15

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.780	.598		6.318	.000
	O15	.257	.105	.234	2.440	.016

a. Dependent Variable: Etot

**Table 4: Independent Samples test of male and female respondents for Emotional Intelligence**

Group Statistics					
		N	Mean	Std. Deviation	Std. Error Mean
EI	Female	60	4.97	1.822	0.235
	Male	45	5.47	1.673	0.249

Independent Samples Test									
		Levene's Test for Equality of Variances	t-test for Equality of Means						
			Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference
								Lower	Upper
EI	Equal variances assumed	0.424	-1.44	103	0.153	-0.5	0.347	-1.188	0.188
	Equal variances not assumed		-1.46	98.795	0.148	-0.5	0.343	-1.18	0.18

**Table 5: Acceptance and Rejection of Hypothesis**

<b>Hypothesis No.</b>	<b>Hypothesis Statement</b>	<b>Accept/Reject</b>
Ho1	There is no correlation between Emotional Intelligence and Extraversion.	Reject
Ho2	There is no correlation between Emotional Intelligence and Anxiety.	Reject
Ho3	There is no correlation between Emotional Intelligence and Tough-Mindedness.	Accept
Ho4	There is no correlation between Emotional Intelligence and Independence.	Reject
Ho5	There is no correlation between Emotional Intelligence and Self-Control.	Accept
Ho6	There is no correlation between Emotional Intelligence and Warmth.	Reject
Ho7	There is no correlation between Emotional Intelligence and Reasoning.	Accept
Ho8	There is no correlation between Emotional Intelligence and Emotional Stability.	Reject
Ho9	There is no correlation between Emotional Intelligence and Dominance.	Reject
Ho10	There is no correlation between Emotional Intelligence and Liveliness.	Reject
Ho11	There is no correlation between Emotional Intelligence and Rule-Consciousness.	Accept
Ho12	There is no correlation between Emotional Intelligence and Social Boldness.	Reject
Ho13	There is no correlation between Emotional Intelligence and Sensitivity.	Reject
Ho14	There is no correlation between Emotional Intelligence and Vigilance.	Accept
Ho15	There is no correlation between Emotional Intelligence and Abstractedness.	Accept
Ho16	There is no correlation between Emotional Intelligence and Privatness.	Accept
Ho17	There is no correlation between Emotional Intelligence and Apprehension.	Reject
Ho18	There is no correlation between Emotional Intelligence and Openness to Change.	Reject
Ho19	There is no correlation between Emotional Intelligence and Self-Reliance.	Reject
Ho20	There is no correlation between Emotional Intelligence and Perfectionism.	Reject
Ho21	There is no correlation between Emotional Intelligence and Tension.	Accept
Ho22	There is no difference in Emotional Intelligence based on Gender.	Accept

# **A Study on Attributes of Girl Students of Home Science Degree Colleges towards Capital Market as an Entrepreneurship Activity**

**Dr Irfan I. Lakhani**

Associate Professor

Anjuman - I - Islam's Allana Institute of Management Studies

**Prof. Aasia A. Radiowala**

Principal, Anjuman-I-Islam's, BJHAH College of Home Science

## **ABSTRACT**

The current scenario of Indian Economy is highly favouring the sector of Capital Market. Huge withdrawal of funds by Foreign Institutional Investors (FII) from Indian Capital Market which was not very badly affected due to increase in investment in mutual funds. Sources predict that the BSE SENSEX would be reaching 100000 in near future. There is great scope for business in capital market directly as an investment mode and also there are opportunities for entrepreneurship activities for intermediaries to the capital market like merchant bankers, underwriters, stock brokers etc.

Home science provides a study package in India which is specifically suits the feminine category of population. The colleges run Home Science program in India are exclusively for girls. It relates career activities like nutritionist, textile, and beauty related activities and social entrepreneurship. Finance and capital market was considered as a masculine featured business activity by the society since years. Apart from gender biased view people also categorised capital market with demography like traders from the state Gujarat and Rajasthan will highly prefer this business or will be successful which is actually not true. We can analyse from these young women of home science that there is a fire in them to take up entrepreneurship activity as a career and also keeping in mind the versatility of this generation they have developed their interest in finance and capital market.

In this paper the researcher wants to find out the awareness of these young women for capital market and also their desire to take it as an entrepreneurship activity without having knowledge of finance or background in financial business.

**Keywords:** Entrepreneurship, Capital market, finance, home science.

**Type of paper:** Descriptive Type research

## INTRODUCTION

Since entrepreneurship education was introduced by the United States in the 1940s, this concept has been adopted and integrated into education in many countries as a component of new economic strategies for fostering job creation [1]. It has become such an important part of education that in 1998, UNESCO World Conference recognized its value and advocated cultivating entrepreneurship and skills in higher education. In the early 1980s, entrepreneurship has emerged as a topic of increasing interest among management scholars and social scientists. The subject has recently grown in authenticity, particularly in business schools [Cooper 2005]. This interest has been spurred by a set of recent developments in the United States: the strength of start-up firms in high technology industries, the expansion of venture capital financing, and the successes of regional clusters, notably Silicon Valley. Management scholars and social scientists interested in entrepreneurship have tended to focus their attention on studying new business formation.

## STATEMENT OF PROBLEMS AND NEED FOR STUDY

We could see that empowerment of women is increasing progressively. Also the forecasting boom in the capital market and now after these issues in banking sectors, more and more savings are diverted to mutual funds. Home science has been always a great contributor in producing women entrepreneurs. After successions in food science, textile, consumer study and social entrepreneurship there was a vacuum in the field of finance related entrepreneurs. There was a need to provide an opportunity to these dynamics products of Home Science to explore in the area of capital market. This study may be successful in providing us the new insights amongst these women related to entrepreneurship in capital market.

## REVIEW OF LITERATURE

**3.1 Sari Pekkala Kerr, William R. Kerr & Tina Xu (2017) Personality Traits of Entrepreneurs:** Entrepreneurs are a very heterogeneous group, and so it is not surprising that studies of their personalities are mixed. This review highlights places where empirical findings are consistent, while also embracing the heterogeneity where it is obvious. Some of this variance appears due to small sample sizes and selected subgroups, and so bigger studies and meta-analyses will likely yield a clearer picture in the long-term. The multi-disciplinary nature of the entrepreneurial characteristics and personality literature also means that the terminology is not well standardized, and the research dialogue does not easily lend itself to learning from past research and making incremental progress as a field. The sheer number of journals publishing research related to entrepreneurial characteristics, as well as the large differences across them in terms of academic field and quality also complicates

the ability to have a linear, chronologically progressive research dialogue. This challenge too is likely to diminish with time, as the greater depth and specialization of the emerging field begins to provide returns to scale.

**3.2 Michał Chmielecki & Robert Seliga (2015), A Comparative Study of Attitudes towards Entrepreneurship between Polish and British Students, Entrepreneurship and Management University of Social Sciences Publishing House:** Entrepreneurship is being accepted as an important factor for economic growth and the restoration of economies. The decision to start a venture has both cultural and economic dimensions. The significance of different cultural dimensions and their effects on entrepreneurship has been noted in a numerous studies. This paper has attempted to explore the attitudes towards entrepreneurship between Polish and British students. The findings in this study have some distinctive implications for Polish government, policy makers and educators through determining the attitudes towards entrepreneurship among Polish students. High or moderately high entrepreneurial attitudes of the students require a long-term planning and policy making to facilitate new venture creation for younger generation through providing the funds and infrastructures as well as removing the impediments on the path to become an entrepreneur and fostering entrepreneurial culture.

**3.3 Chalchissa Amentie\* and Emnet Negash (2015) The Study on Female Undergraduates' Attitudes and Perceptions of Entrepreneurship Development (Comparison Public and Private Universities in Ethiopia) Department of Management, Jimma University, Jimma, Ethiopia:** Female entrepreneurship is considered an important tool in enabling female empowerment and emancipation. It has been suggested by Weeks [1] that women-led businesses can make a significant contribution to the economy. They further substantiated the importance of female entrepreneurial activity on economic development, finding investment in female entrepreneurship an important way for a country to exponentially increase the impact of new venture creation. Furthermore, they noted women are more inclined to share the benefits gained through entrepreneurship with members of their family and the wider community. Families play an important role in female entrepreneurship; this study reveal half of family female students discourage to start their own business while some parents encourages them as they start their own business.

**3.4 Temesgen Teshome,(2014) Department of Management, Wachemo University, Attitudes of Private Higher Education Students Towards Entrepreneurship: A Case of Distance Learners in Wolaita Sodo and Hossana Towns:** students of higher educational institutions in Ethiopia have in the past had a guarantee of employment either in the public sector or in multinational firms. Currently they are finding it difficult to secure. They were also more likely to believe that they had the

business skills and knowledge required for business ownership than students who did not want to start a business. The most inhibiting factors for students who do not want to start a business are the shortage of initial capital and fear of the risk involved. They also consider business ownership as giving them less control over their lives and therefore, believe it would be easier to work for someone else. Interestingly, 81% of these students expressed the belief that a good business support structure would encourage more of them to start a business. Therefore, these findings have implications for academics, educators in entrepreneurship, policy makers, enterprise support agencies and future young entrepreneurs' employment in these sectors. Therefore, this study was aimed to explore self-employment intention of private higher education students and their attitudes towards entrepreneurship.

### **3.5 Anubha Shrivastav (2013) Influence of FII Flows on Indian Stock Market:**

Indian stock market is vast and attract investors as a hotspot of investment .The Indian market is steadily growing and had allured domestic investors community and foreign investors group in the past .the major part of investment in Indian market is attributed to institutional investors among whom foreign investors are of primary importance. One eminent concern in the matter is whether these foreign investors (FII) direct the Indian stock market. The market movement can be explained by these investors and their impact on the stock markets. FII, because of its short-term nature, can have bidirectional causation with the returns of other domestic financial markets such as money markets, stock markets, and foreign exchange markets. Hence, understanding the determinants of FII is very important for any emerging economy as FII exerts a larger impact on the domestic financial markets in the short run and a real impact in the long run.

### **3.6 Shikha Mahajan (2013) *University of Delhi*. Global Journal of Management and Business Studies:**

The elimination of obstacles for women entrepreneurship requires a major change in traditional attitudes and mind sets 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.

### **3.7 Mansheng Zhou \* and Haixia Xu (2012), A Review of Entrepreneurship Education for College Students in China, National Center for Education Development Research, Ministry of Education, Beijing,P. R. China;China today is**

not fully exploiting its entrepreneurial potential, and enhancing this will help the country in further transforming its economy and achieving future economic and competitive strength. Therefore, China still has a long way to go before entrepreneurship education is available in educational institutions at all levels and of all types and establishes itself as a mature field of study. In this sense, the recommendations stated above will help accelerate the way forward for the government and for individual institutions. Entrepreneurship education in China will benefit greatly from the combination of a clearer and broader meaning of the concept, an insightful and visionary strategic framework at the national level, an integrated curriculum across the disciplines, an intensified training program for the faculty, a closer link between the academy and the industry, and a sound scheme to record the process and evaluate the impact of entrepreneurship education on a regular basis.

### **1. Purpose / Objectives:**

- To find out the relationship between students' attributes like academic performance, family income, parent's occupation and behaviour type with their likeliness towards capital market as an entrepreneurship as carrier.
- To find out the relationship between students' attributes like academic performance, family income, parent's occupation, demography and behaviour type with their likeliness towards capital market.
- To find out the relationship between students' attributes like academic performance, family income, parent's occupation, demography and behaviour type with their likeliness towards entrepreneurship as a carrier.

### **2. Hypothesis:**

- H<sub>01</sub>** There is no significant relationship between students attributes like academic performance, family income, parent's occupation and behaviour type with their likeliness towards capital market as an entrepreneurship as career.
- i. There is no significance relationship between students Family Income, with their likeliness towards capital market as an entrepreneurship as career.
  - ii. There is no significance relationship between students' Academic Performance, with their likeliness towards capital market as an entrepreneurship as career.
  - iii. There is no significance relationship between students' Parents Income, with their likeliness towards capital market as an entrepreneurship as career.
  - iv. There is no significance relationship between students Behaviour Type, with their likeliness towards capital market as an entrepreneurship as career.
  - v. There is no significance relationship between students Behaviour Pattern, with their likeliness towards capital market as an entrepreneurship as career.

- Ho2** There is no significance relationship between students Risk Taking nature, with their likeliness towards capital market as an entrepreneurship as career.
- Ho3** There is no significant relationship between attributes like academic performance, family income, parent's occupation and behaviour type with their likeliness towards capital market.
- i. There is no significant relationship between students Family Income, with their likeliness towards capital market.
  - ii. There is no significant relationship between students' academic performance, with their likeliness towards capital market.
  - iii. There is no significant relationship between students' Parents Income (Father), with their likeliness towards capital market.
  - iv. There is no significant relationship between students Behaviour Type (Introvert & Extrovert) with their likeliness towards capital market.
- Ho4** There is no significance relationship between attributes like academic performance, family income, parent's occupation and behaviour type with their likeliness towards entrepreneurship as a career.
- i. There is no significant relationship between students Family Income, with their likeliness towards entrepreneurship as career.
  - ii. There is no significant relationship between students' academic performance, with their likeliness towards entrepreneurship as career.
  - iii. There is no significant relationship between students' Parents Income (Father), with their likeliness towards entrepreneurship as career.
  - iv. There is no significant relationship between students Behaviour Type (Introvert & Extrovert), with their likeliness towards entrepreneurship as career.

## **RESEARCH METHODOLOGY**

Source of data collection would be a primary data. The present paper is a descriptive type primary research that attempts to inspect the likeliness of degree college girls' students of Home Science towards taking capital market as an entrepreneurship activity for their career and their attributes like academic performance, family income, parent's occupation and behaviour type influencing the likelihood. The study would be carried out in Degree College of Home Science College located in Mumbai through a survey involving 250 students.

The elements of attributes' of students as a descriptive statistics would be measured and compared with likeliness towards capital market & entrepreneurship in terms of low to high. The overall analysis would be done by applying appropriate research method by using statistical tools like Chi-Square or One-way ANOVA as applicable on SPSS software supported by bar charts, pie charts etc.

## SAMPLE SIZE

270 Respondents through Simple Random Sampling (SRS)

## DATA ANALYSIS

**Ho1** There is no significant relationship between students attributes like academic performance, family income, parent's occupation and behaviour type with their likeliness towards capital market as an entrepreneurship as career.

### Sub Hypothesis i to vi

- i. There is no significant relationship between students Family Income, with their likeliness towards capital market as an entrepreneurship as career.

**Table 1.1**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.772 <sup>a</sup>	12	.030
Likelihood Ratio	26.742	12	.008
Linear-by-Linear Association	.026	1	.872
N of Valid Cases	268		

a. 6 cells (30.0%) have expected count less than 5. The minimum expected count is .90.

**Interpretations:** As the Sig. (2 Sided value ) of Pearson Chi Square the  $p$  value is less than 0.05 i.e. 0.03 as shown in table 1.1, it implies that there is a significant relationship between students' Family Income, with their likeliness towards capital market as an entrepreneurship as career.

Null hypotheses is Rejected

- ii. There is no significant relationship between students' academic performance, with their likeliness towards capital market as an entrepreneurship as career.

**Table 1.2**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.152 <sup>a</sup>	8	.419
Likelihood Ratio	9.524	8	.300
Linear-by-Linear Association	1.918	1	.166
N of Valid Cases	268		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.01.

Interpretations: As the Sig. (2 Sided value ) of Pearson Chi Square the  $p$  value is greater than 0.05 i.e. 0.419 as shown in table 1.2, it implies that there is a no significant relationship between students' Academic Performance, with their likeliness towards capital market as an entrepreneurship as career.

Null hypotheses is Accepted

- iii. There is no significant relationship between students' Parents Occupation (Father & Mother), with their likeliness towards capital market as an entrepreneurship as career.

Table 1.3.1 (Father's Occupation)

**ANOVA**

Likelihood towards Capital Market as Entrep

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	25.907	5	5.181	4.476	.001
Within Groups	300.980	260	1.158		
Total	326.887	265			

**Interpretations:** As per the One Way ANOVA the F statistics significance  $p$  value is 0.001 as shown in table 1.3.1, If Sig.  $p$  value is less than 0.05  $\rightarrow$  it implies that there is a highly significant relationship between students' Parents Occupation (in case of Father) with their likeliness towards capital market as an entrepreneurship as career.

Null hypotheses is Rejected in case of Father

Table 1.3.2 (Mother's Occupation)

**ANOVA**

Likelihood towards Capital Market as Entrep

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.566	4	1.391	1.110	.352
Within Groups	332.301	265	1.254		
Total	337.867	269			

**Interpretations:** As per the One Way ANOVA the F statistics significance  $p$  value is 0.352 as shown in table 1.3.2, If Sig.  $p$  value is greater than 0.05  $\rightarrow$  it implies that there is a no significant relationship between students' Parents Occupation (in case of Mother) with their likeliness towards capital market as an entrepreneurship as carrier.

Null hypotheses is Rejected in case of Mother

- iv. There is no significant relationship between students Behaviour Type, (Introvert & Extrovert) with their likeliness towards capital market as an entrepreneurship as career.

**Table 1.4**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.506 <sup>a</sup>	4	.021
Likelihood Ratio	11.832	4	.019
Linear-by-Linear Association	9.348	1	.002
N of Valid Cases	266		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.01.

**Interpretations:** As the Sig. (2 Sided value ) of Pearson Chi Square the *p* value is less than 0.05 i.e. 0.021 as shown in table 1.4, it implies that there is a significant relationship between students' Behavioural Type (Introvert & Extrovert), with their likeliness towards capital market as an entrepreneurship as career.

Null hypotheses is Rejected

- v. There is no significant relationship between students Behaviour Pattern (Optimistic or Pessimist), with their likeliness towards capital market as an entrepreneurship as career.

**Table 1.5**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.128 <sup>a</sup>	8	.014
Likelihood Ratio	22.072	8	.005
Linear-by-Linear Association	.073	1	.786
N of Valid Cases	270		

a. 5 cells (33.3%) have expected count less than 5. The minimum expected count is .71.

**Interpretations:** As the Sig. (2 Sided value ) of Pearson Chi Square the *p* value is less than 0.05 i.e. 0.014 as shown in table 1.5, it implies that there is a significant relationship between students Behaviour Pattern (Optimistic or Pessimist) with their likeliness towards capital market as an entrepreneurship as career.

Null hypotheses is Rejected

- vi. There is no significance relationship between students Risk Taking nature, with their likeliness towards capital market as an entrepreneurship as career.

**Table 1.6**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	39.593 <sup>a</sup>	12	.0001
Likelihood Ratio	46.527	12	.000
Linear-by-Linear Association	.705	1	.401
N of Valid Cases	270		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is .36.

**Interpretations:** As the Sig. (2 Sided value ) of Pearson Chi Square the  $p$  value is less than 0.05 i.e. 0.0001 as shown in table 1.6, it implies that there is a high significant relationship between students Risk Taking nature with their likeliness towards capital market as an entrepreneurship as career.

Null hypotheses is Rejected

- H<sub>02</sub>** There is no significant relationship between attributes like academic performance, family income, parent’s occupation and behaviour type with their likeliness towards capital market.

**Sub Hypothesis i to iv**

- i. There is no significant relationship between students Family Income, with their likeliness towards capital market.

**Table 2.1**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	30.497 <sup>a</sup>	12	.002
Likelihood Ratio	36.298	12	.000
Linear-by-Linear Association	2.339	1	.126
N of Valid Cases	268		

a. 8 cells (40.0%) have expected count less than 5. The minimum expected count is .45.

**Interpretations:** As the Sig. (2 Sided value) of Pearson Chi Square the  $p$  value is less than 0.04 i.e. 0.002 as shown in table 2.1, it implies that there is a highly significant relationship between students’ Family Income, with their likeliness towards capital market.

Null hypotheses is Rejected

- ii. There is no significance relationship between students' academic performance, with their likeliness towards capital market.

**Table 2.2**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.055 <sup>a</sup>	8	.110
Likelihood Ratio	12.766	8	.120
Linear-by-Linear Association	1.216	1	.270
N of Valid Cases	268		

a. 2 cells (13.3%) have expected count less than 5. The minimum expected count is 2.51.

**Interpretations:** As the Sig. (2 Sided value) of Pearson Chi Square the  $p$  value is greater than 0.05 i.e. 0.110 as shown in table 2.2, it implies that there is a no significant relationship between students' Academic Performance with their likeliness towards capital market.

Null hypotheses is Accepted

- iii. There is no significance relationship between students' Parents Occupation (Father ), with their likeliness towards capital market.

Table 2.3 (Father's Occupation)

**ANOVA**

Likelihood towards Capital Market

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	14.411	5	2.882	3.099	.010
Within Groups	241.799	260	.930		
Total	256.211	265			

**Interpretations:** As per the One Way ANOVA the F statistics significance  $p$  value is 0.010 as shown in table 2.3, If Sig.  $p$  value is less than 0.05 → it implies that there is a significant relationship between students' Parents Occupation (in case of Father) with their likeliness towards capital market.

Null hypotheses is Rejected

- iv. There is no significance relationship between students Behaviour Type, (Introvert & Extrovert) with their likeliness towards capital market.

**Table 2.4**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.831 <sup>a</sup>	4	.305
Likelihood Ratio	4.897	4	.298
Linear-by-Linear Association	1.267	1	.260

N of Valid Cases	266
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. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.50.

**Interpretations:** As the Sig. (2 Sided value ) of Pearson Chi Square the  $p$  value is greater than 0.05 i.e. 0.305 as shown in table 2.4, it implies that there is a no significant relationship between students' Behavioural Type (Introvert & Extrovert), with their likeliness towards capital market.

Null hypotheses is Accepted

**Ho3** There is no significant relationship between attributes like academic performance, family income, parent's occupation and behaviour type with their likeliness towards entrepreneurship as a career.

Sub Hypothesis i to iv

- i. There is no significance relationship between students Family Income, with their likeliness towards entrepreneurship as a career.

**Table 3.1**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.123 <sup>a</sup>	12	.145
Likelihood Ratio	20.788	12	.054
Linear-by-Linear Association	.503	1	.478
N of Valid Cases	268		

a. 5 cells (25.0%) have expected count less than 5. The minimum expected count is 1.04.

**Interpretations:** As the Sig. (2 Sided value ) of Pearson Chi Square the  $p$  value is greater than 0.05 i.e. 0.145 as shown in table 3.1, it implies that there is a significant relationship between students' Family Income, with their likeliness towards entrepreneurship as a career.

Null hypotheses is Accepted

- ii. There is no significant relationship between students' academic performance, with their likeliness towards entrepreneurship as a career.

**Table 3.2**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.980 <sup>a</sup>	8	.043
Likelihood Ratio	15.818	8	.045
Linear-by-Linear Association	.000	1	.989
N of Valid Cases	268		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.85.

**Interpretations:** As the Sig. (2 Sided value) of Pearson Chi Square the  $p$  value is less than 0.05 i.e. 0.043 as shown in table 3.2, it implies that there is a significant relationship between students' Academic Performance, with their likeliness towards entrepreneurship as a career.

Null hypotheses is Rejected

- iii. There is no significant relationship between students' Parents Occupation (Father ), with their likeliness towards entrepreneurship as a career.

Table 3.3 (Father's Occupation)

ANOVA					
enterp career					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.503	5	1.101	.834	.527
Within Groups	343.279	260	1.320		
Total	348.782	265			

**Interpretations:** As per the One Way ANOVA the F statistics significance  $p$  value is 0.527 as shown in table 2.3, If Sig.  $p$  value is greater than 0.05 → it implies that there is a no significant relationship between students' Parents Occupation (in case of Father) with their likeliness towards entrepreneurship as a carrier

Null hypotheses is Accepted

- iv. There is no significant relationship between students Behaviour Type, (Introvert & Extrovert) with their likeliness towards entrepreneurship as a carrier

Table 3.4

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.753 <sup>a</sup>	4	.019
Likelihood Ratio	12.106	4	.017
Linear-by-Linear Association	.021	1	.886
N of Valid Cases	266		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.01.

**Interpretations:** As the Sig. (2 Sided value ) of Pearson Chi Square the  $p$  value is less than 0.05 i.e. 0.019 as shown in table 2.4, it implies that there is a significant relationship between students' Behavioural Type (Introvert & Extrovert) with their likeliness towards entrepreneurship as a career.

Null hypotheses is Rejected

## **DISCUSSION**

Attributes like students' family income, father's occupation, their behaviour in terms of extrovert or introvert, their approach as optimistic or pessimist and nature as risk taker or non-risk taker influence their likeliness towards taking up the capital market as an entrepreneurship activity for their career whereas other attributes like students' academic performance and mother's occupation doesn't affects their likeliness.

If we analyse students liking towards capital market, the attributes like students' family income and parents (Father's) income only influences them. Rest two attributes i.e. students' academic performance and their behaviour of introvert or extrovert doesn't show any significant relation with students approach towards capital market. On the other side we analysed students' likeliness towards entrepreneurship, we have found that completely vice versa i.e. the attributes like students' family income and parents (Father's) income does not show any relations and the other two attributes i.e. students' academic performance and their behaviour of introvert or extrovert influences these students to take up entrepreneurship as a career.

## **CONCLUSION**

This study shows that girl students are inclined to take up the capital market as an entrepreneurship activity for their career. Decision of these girl students highly depend upon their father's occupation and overall family income. A lot more depend upon the attitudes of these girl students in terms introvert or extrovert personality type, approach towards life as optimistic or pessimistic and their risk taking nature.

This study has resulted into a new horizons for Home Science girl students, providing career opportunities in the heart throbbing and sensational Indian Capital Market which will lead to one more area for women entrepreneurship and also surely add one more chapter in a tale of successes of woman entrepreneurs in India.

## **LIMITATIONS**

The study is carried out in the city of Mumbai only especially considering degree college girl students. The results may vary if we take all type of students with both genders. It will also show different results when students sample from commerce & management is taken. Survey from working class and earners would have different views as compared to students who are not earners. There is a scope for further detailed study in this area of research by taking more variables and increase in number of sample size.

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# **Growth and Social Responsibility of Health Care Sector With Reference to Medical Tourism**

**Mr Aftab Ahmed**

Assistant Professor, AI's Allana Institute of Management Studies

Email id: aftab.ahmed@aiaims.com

**Dr. Swati Sable**

AI's Allana Institute of Management Studies

## **Abstract**

Health is increasingly becoming a focal point of corporate social responsibility (CSR), largely due to recognition that a healthy workforce and community are fundamental to the longevity of a business and success of an economy. The Indian Health care industry consists of hospitals, medical devices clinical trials, outsourcing, medical tourism, health insurance, and medical equipment's. The Health care industry stands on four pillars - Services and staffing (health services) Pharmaceuticals, Health Financials and Devices. Hospitals staffed with doctors and nurses provide the central location for patients care. Pharmaceuticals provide drugs that help in curing patients. Health financials like medi- claim provide support to patients and families in managing expensive treatment and surgeries. Devices support both diagnostics and surgeries.

The Health care industry sells solutions to illness. Health care for betterment of human health and wellbeing. Since the industry is committed to doing public good, society has many expectations from health care firms. The patients expect effective, high quality medicines, attentions and care at hospitals, absence of spurious drugs, ethical dealings and honesty. The patients expects affordable health products and services. Health care organisations should try to understand their mission in a global society promoting values and ethical principles. Also Health care is number one priority of the Government of India.

**Key- Words:** Health- care, medical tourism, hospitals, patients, quality service.

## INTRODUCTION:

The health-care industry is potentially the world's largest industry with total revenues of approximately US\$ 2.8 trillion. In India as well, health-care has emerged as one of the largest service sectors constituting 5 percent of the gross domestic product (GDP) and offering employment to around 4 million people. India's primary competitive advantage over its peers lies in its large pool of well-trained medical professionals. Also, India's cost advantage compared to peers in Asia and Western countries is significant - cost of surgery in India is one-tenth of that in the US or Western Europe. CSR mission of health-care centres is to touch a billion lives.

The Healthcare sector comprises of hospitals, diagnostics, pathology, Equipment and supplies, Medical tourism, Telemedicine, etc. It is one of the prominent contributors to India's GDP. It attracts large number of domestic as well as international players. India has become an attractive destination for Medical Tourism, Clinical Studies, and research and development programs. There is massive growth potential and scope for expansion. Earlier government on its own would not be able to provide more facilities for healthcare. Entry of private sector reduces the gap between the supply and demand. Public hospitals are fully funded by government service oriented. They do not do much promotion and charge low fees. They lack good infrastructure. In public hospitals the process of admission is difficult and there is no proper care of patients.

While in private hospitals doctors are highly qualified. They take huge promotion with lot of profit. Infrastructure is well maintained. In private hospitals process of admission is comparatively easy. It continues to carry very good care of patients.

- Healthcare has become one of the India's largest sectors both in terms of revenue and employment. The industry is growing at a tremendous pace owing to its strengthening coverage, services and increasing expenditure by public as well as private players.
- During 2008-2020, the market is expected to record a CAGR of 16.5 %.
- The total industry size is expected to touch USD 160 billion by 2017 & USD 280 billion by 2020.
- As per the ministry of health, development of 50 technologies has been targeted in the FY16, for the treatment of diseases like cancer and TB.
- Government is emphasising on the health initiatives such as mother and child Tracking system (MCTS) & Facilitation centre (MCTFC)
- Indian companies are entering into merger & acquisitions with domestic & foreign companies to drive growth & gain new markets.

Medical tourism in India includes a holistic treatment like Reiki, Pranik, Suzoku, herbal medicine, jyotish, music therapy, laughter therapy, allopathy, homeopathy, ayurvedic, Unani, paramedical, Acupressure & acupuncture, meditation, yoga and spiritualism. All the gamut of medical and paramedical services are spread vastly over the nation.

In the recent budget of 2018, Government of India has given number one priority to health care sector. 24 medical colleges and hospitals are going to be established in the coming years. Ayushman -Bharat an initiative taken by the Government of India for the free treatment of patients suffering from various diseases like TB, malaria ,typhoid, cholera, etc.

#### **Definition of Health by WHO -**

The World Health Organisation (WHO) defined human health in its broader sense in its 1948 constitution as "a state of complete physical, mental, and social well- being and not merely the absence of disease or infirmity"

#### **1.1 Definitions of Medical Tourism:**

"Medical Tourism"-The terms refers to the increasing tendency among people from UK,USA and many other third world countries, where medical services are either very expensive or not available, leave their countries in search for more affordable health option often packaged with tourist attraction.

"Medical Tourism"-Medical services of international standards in specialized institution in a cost effective manner as also provide for exchange of culture through mutually planed tourism packages.

The demand for healthcare services has expanded as life expectancy increased and as population continued to age. Other health related services such as nursing homes, diet and fitness centres would also be required.

On the other hand getting a foreign patient in a high class corporate hospital for treatment alone does not fulfil the criteria of considering it Medical Tourism. In other words the simple way to explain the concept of Medical Tourism, would be to say that it is not a standalone effort of either the health care or the tourism industry, but is an integrated and collaborative approach of both the industries.

#### **1.2 The Factors That Influence The Growth Of Medical Tourism In India Are:**

##### **Lower Cost Treatments:**

People can generally expect to save at least 50% when receiving care in India as compared to that in other countries like the US or UK. This includes all the travel expenses like airfares, hotel and food during one's stay. Some treatments can be provided as 10% of the cost that it would be available for in the West. Care in India is of a Supreme quality, and is a same as the care that would be received in a Western nation. The vast savings of receiving treatment in countries like India can provide the patient life-altering or lifesaving treatment that may not otherwise be afforded.

**Getting [Medical] Visas Is Easy:**

The introduction of the relatively new “M” visa in India makes getting visas for medical purposes much easier than ever. Visas are given out in a rather short period of time, and the waiting period for most life-altering and life-saving procedures are almost non-existent. Priority is given to the patients with the most life-threatening conditions. These are patients that need help on priority in order to avoid more medical complications, permanent disabilities, or sometimes even death.

Those who will have the hardest times obtaining visas will be those from underdeveloped or developing countries such as Bangladesh, Ghana, Kenya, or Pakistan. The government of India has achieved this visa expedition program that ensures people who need critical, life-saving treatment should get their visas in a timely manner. Being able to easily obtain a visas one of the primary reasons that people seeking treatment come from abroad to visit India to get that treatment that is provided at a reasonable price having procedures done in has saved countless lives, and is likely to save much more in the future.

**Surgeries Done Almost Immediately:**

The wait times for procedures in India are usually non-existent. Compare this to the western nations where sometimes people have to wait weeks or months for vital, life-saving treatments. That can extend to years for elective procedures. This makes it clear as to why there is an appeal to travel to India to get the procedure done much more quickly. Having procedure done so quickly helps avoid further complications and health problems in the future. These are problems could be caused by waiting longer in their homeland. Many people use medical tourism in India as an option to get procedures done faster when they are fed up with the wait times in their native countries. India provides this welcome change of pace to many patients from all around the world desperately needing medical attention.

**World Class Services & Care:**

Despite being in a “developing” nation, hospitals and healthcare centres in India provide premium, Western standardized care to their patients. Most hospitals will offer typical Western-style accommodations from individual to share the rooms and personalized dining schedules. Many also offers personalized services that are generally specified on their website.

Some of these services can include things like language translators or personal assistance for those who are disabled. These hospitals also provide patients with 24/7 access to the hospital facilities as a standard of excellent service.

Doctors are mostly always trained in the country’s top medical universities or in other Western-style schools. Their knowledge is the same as you would find in any doctor in your homeland. Most speak fluent English as well, so language barriers are rarely an

issue. Infrastructure at these hospitals is also world class, and is improving rapidly as more technology is rapidly discovered.

#### **Alternate medicinal Therapies:**

Many hospitals in India are beginning to offer holistic, national treatments like Ayurveda, naturopathy, and yoga which have been originated in India itself. These are fabulous techniques to aid and post-retreatment recovery for many patients. The therapies provide a relaxing aspect to healing, which helps many patients feel better much sooner. The psychological benefits are oftentimes positive as well.

#### **Prime Opportunities for Travellers:**

Coming to India allows tourist to visit exotic destinations located nearby. People get to go see parts of the world and attractions that they may otherwise never get a chance to visit. Great sightseeing and opportunities to go and see parts of the world and experience cultures that they may never otherwise experience can enhance the benefits of medical tourism. Many people relish and jump on the opportunity to learn more about how people live in the other parts of the world, and this can sometimes be the best part of a medical tourist trip!

Medical tourism is a high growth sector in India. In October 2015, India's medical tourism sector, was estimated to be worth US\$3 billion by a CII-Grant Thornton report. It is projected to grow to US \$7-8 billion by 2020. According to the Confederation of Indian Industries (CII), the primary reason that attracts medical value travel to India is cost-effectiveness, and treatment from accredited facilities at par with developed countries at much lower cost. The Medical Tourism Market Report: 2015 mentions that India was "one of the lowest cost and high quality of all medical tourism destinations, it offers wide variety of procedures at about one-tenth the cost of similar procedures in the United States.

#### **OBJECTIVES OF THE STUDY:**

The present paper is basically concerned with the following objectives –

1. To study the growth of health care sector with reference to medical tourism
2. To recognize the social responsibility of health care sector practices of select health – care centres in India.

#### **RESEARCH METHODOLOGY:**

Looking into the requirements of the objectives of the study the research design employed for the study is of descriptive type. Available secondary data was extensively used for the study. Secondary data was collected from books, newspapers, journals, articles, reports and websites.

## **LITERATURE REVIEW:**

A study conducted by the Confederation of Indian Industry (CII) and McKinsey Consultants in 2012 stated that India has the potential to attract 1 million medical tourists per annum and this could contribute around US\$5 billion to the Indian economy (Sagar, 2014).

Caballeron and Mugomba (2007) defined medical tourism as 'an activity involving people who travel to another country to receive medical treatment with the objective of seeking lower cost, higher quality services, and more differentiated care than they could receive in their home countries.

Medical services can be consumed in a relatively exotic location in conjunction with a holiday. Michael (2011) highlights that, because of migration and the demands of a global labour market, expatriates and drifters may return to their country of origin for medical treatment for cultural, family and language reasons.

The reasons for the increase in tourist's patients include: growing discontent with the public healthcare; the continuing privatization of medical care; greater availability of cosmetic procedures; higher volumes of tourism; greater availability of disposable capital and ageing population across the globe (Connell 2013).

Basant and Kuriachan (2008) argue that India is unique as it offers holistic healthcare that addresses the mind, body and spirit with yoga, meditation and other Indian systems of medicine. In addition, India offers a wide array of services combined with cultural warmth that's hard to find in other countries. The threat is medical tourism has also thrived in South East Asia, especially in the case of Singapore, where there has been a steady inflow of patients from less developed countries seeking better facilities and services.

Medical tourism in India evidences rapid growth and is a major source of revenue generation as well as an employment opportunity. It is essential, to enhance the productivity and profitability of the services providers to become competitive in the market place. The industry has also created opportunities in other sectors of the economy, such as hotels, food & beverage and the retail sector, which capitalizes the families who escort patients seeking treatment in the host country. In view of these advantages, some governments have been actively promoting medical tourism to boost their domestic economies (Caballeron & Mugomba 2007).

Globalization has enhanced considerably and, as a result, has led to the rise of healthcare companies seeking to focus on bottom-line and maximize profits (Satpal & Sahil 2013). The consumers tend to rely on services process functional aspects (e.g. doctors', nurses' and technicians' attitudes to patients and procedure waiting time) when assessing service quality since, in general, patients lack the expertise to gauge the technical quality (e.g. Diagnosis accuracy and subsequent treatment and

procedures) (Wong 2002). In turn, customer satisfaction increases chance of loyal customers who may become brand advocates and promote the organisation by making positive referrals through credible word- of- mouth communication (Zeithaml et al. 2009). Hospitals seeking to maintain or improve medical tourists' service quality perceptions need to clearly recognize that, only by meeting or exceeding their expectations can desired outcomes such as satisfaction and improved financial performance be achieved (Michael et al. 2013).

## **SOCIAL RESPONSIBILITY OF SELECT HEALTH - CARE CENTRES**

### **Apollo Hospitals Enterprises Ltd (AHEL)**

Apollo Hospitals Enterprises Ltd (AHEL) inaugurated the first of its hospitals in the 'First med hospitals' chain at Chennai. The hospital is situated on the Poonamallee High Road and will provide emergency and trauma care to the neighbouring areas. The hospital will also have multi-specialty acute care centre. The hospital will have over 25 specialities, including cardiology, neurology, nephrology, urology, orthopaedics and radiology.

### **SOCIAL RESPONSIBILITY OF APOLLO HOSPITAL**

Apollo Hospitals undertook several initiatives as expression of its deep commitment to societal welfare. Some of the most significant ones are listed below:

- The Apollo Hospitals Group signed a memorandum of understanding with Union Government to set up "Central Government Health Scheme - Apollo Dialysis Clinics" to provide specialised services to kidney patients enrolled under CGHS
- Apollo Group completed 2,500 cardiac surgeries performed under the auspices of SACH - Save A child's Heart, our endeavour to support the medical treatment expenses of underprivileged children ailing with serious congenital heart disease.
- Under SAHI, our initiative to aid the hearing impaired children, almost 1,000 children were screened, over 150 were referred for surgery and 160 were provided with hearing aids.
- Apollo Hospitals set up on - site medical centres, to provide immediate attention at various international sports events, exhibitions and pilgrim congregations. This apart different hospitals in the group conducted several free medical camps in their neighbouring areas, which were highly appreciated.

### **DABUR INDIA:**

"Dabur has always believed in the benefit of Ayurveda and has been spreading the goodness among our consumers in India with a range of Ayurvedic products, "says Amit Burman Vice Chairman, Dabur India. " Our products are developed with formulations from the original Ayurveda Scriptures that date back thousands of years.

We have, married this traditional knowledge with modern day science, to preserve the fast vanishing medicinal plants, we have set up our own green houses to nurture these rare herbs and are fast emerging as the bulk herb growers in the country. We have grown and distributed close to 7.5 lakh saplings of rare medicinal herbs to farmers in 2015-2016 alone.”

Even as new competitors enter the market and fight for slice of very large pie, Dabur has maintained its edge over competitors with its herbal and Ayurvedic heritage of over a century. They remain true to their heritage of over a century. They remain true to their heritage their portfolio in line with changing consumer demands and aspirations.

Dabur has highly differentiated brands in the market, and all its products are based on natural and Ayurvedic ingredients. While a lot of companies today offer herbal or Ayurvedic products, Dabur enjoys the consumer’s trust because of its Ayurvedic heritage. Consumers understand that if a product comes from the house of Dabur, it is truly natural, a differentiator that has stood the home grown FMCG giant in great stead.

## **LOTUS SURGICALS -**

Surgery is a critical aspects of medical treatment. The importance of surgical devices in a procedures cannot be underestimated.

Lotus ultra-modern 60,000 square feet facility in Dehradun, India is at par with the best of the medical device manufacturing facilities in the world. From the beginning Lotus has been committed to creating a world class manufacturing facility capable of delivering superior quality Sterile Surgical Devices to domestic and international markets. Lotus Surgicals is focussed on innovation, research and development, quality, customer care and constantly keeping in mind that human life is precious.

## **CONCLUSION:**

The Indian health care industry is rapidly growing and is being fuelled by large investment from existing corporate hospital chains as well as new entrants backed by private equity investors. This is a clear indication that health care is growing to be a major sector that stimulates the economic growth. The health care industry forms the backbone of any nation’s wellbeing. The health care industry should be patient centric and every health care institution is bestowed with a responsibility for the betterment of people’s and society.

The expansion of the concept of social responsibility from the private sector to public organization is challenge and an opportunity that should be clearly embraced social

responsibility and social responsiveness in health care imply both a new social dimension of care as well as new organizational pattern of hospitals of other health care organization.

Social responsibility in health care does not apply only to hospitals and other health organizations but also multi - national companies namely pharmaceutical companies In context social responsibility has a wider field of intervention because issues such as human rights gender equality, child labour and environment protection have different meanings in different culture .Nevertheless in a globalised culture and economy, social responsibility is a concept that transcends local moralities and should promote transnational values that are in accordance with international convention of human rights and environmental protection. Health care organisations should try to understand their mission in a global society, promoting shared values and common ethical principles in new patterns of hospital governance .In summary the health care system exists as a fundamental element that assures life and high standard of living, so it should be available to everybody and for everybody.

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# Transparency and Reliability in Financial Statement: Do They Exist? A Theoretical Approach

**Dr. Mahesh Abale**

Professor, HOD, MIT-MBA Dept. Pune

**Mrs. Swati Bhalerao**

Research Scholar, MIT PGRC, Pune

## Abstract

The issue of transparency and reliability in financial statements has been a dilemma, not only for the investors, but also for the accounting industry and the business firms. The presence of transparency and reliability looks blurred in the corporate business world. Corporate transparency talks about removing obstacles to and facilitating of free and easy public access to corporate business information. The objective of this research paper is to explore the existence of reliability and transparency in the financial statement, for the benefit of investors and analysts through the appropriate knowledge of accounting standards, the acceptance of corporate governance policy and ethical practices and conducts while reporting the financial statements in theoretical manner. These variables (accounting standard, corporate governance and ethical practices) have improved the reliability and transparency of the financial statements, thus increasing the informative required, not only for the investors but also to the management to make a decision in the future.

**Keywords:** Financial Statement, Accounting Standards, Corporate Governance, Ethical Practices and Corporate Social Responsibility.

## 1. INTRODUCTION:

India is on the verge of becoming one of the fastest growing economies, determined by many factors including multinational entrepreneurialism, cheerful national stock markets and healthy economic leading indicators. A recent report titled 'Doing Business in India-2018' published by World Bank and International Finance Corporation (IFC) ranked India at 100<sup>th</sup> for overall performance, 181<sup>st</sup> for starting a business, 181<sup>st</sup> for dealing with the construction permits, 164<sup>th</sup> for enforcing contracts and 119<sup>th</sup> for paying taxes in the World. It shows that, there is some limitations and lack of transparency existing in its governance issues. Within a few decades, transparency gained a lot of momentum in the corporate and business world. It has become indispensable for the long-term survival and success of a business. The companies have no choice but to make their operations transparent and be open to their stakeholders and also to the entire community. Today, in the globalized corporate and business World, it is impossible for a firm to discharge from the responsibilities of reliability and transparency.

The term 'transparency' can be defined as availability of information to the institution's stakeholders regarding matters that affect their interests. According to Barron's from a financial viewpoint, the term 'transparency' is used to indicate documents that are

written in common and in easy-to-understand language. Further, stockholders and investors are authorized to receive accurate information in a convenient manner so that they may use it to help form financial decisions. The transparency includes the following eight concepts viz. clarity, timeliness, convenience, accuracy, consistency, appropriateness, completeness, and governance & enforcement. Therefore, transparency is obligatory in all the activities of the organization.

The transparency can be categorized as active transparency and forced transparency, based on the firm's attitude towards confession. In active transparency, the firm itself takes initiative to make disclosures and uses formal reports such as annual reports, press releases and sustainability reports as an important link in the sequence of active transparency. However, in forced transparency, the media and the stakeholders force the firm to disclose the realities. With increasing globalization, the transparency and trust factors have become a cause of concern for every business organization. Transparency is the only way to maintain trust among the people related to the business organization. Therefore, it can be said, that to sustain and achieve high-performance in the knowledge economy, the firm has to develop a trustworthy and friendly environment, which in turn initiates from the transparency.

The term 'Reliability' in relation to financial reporting is an important qualitative characteristic of accounting information. This term is vital and may influence whether the information is useful to those who read financial statement or otherwise. The reliability of audited corporate annual financial report is measured to be critical and an important factor affecting the usefulness of information made obtainable to numerous users. The accounting profession has recognized that the reliability of reports is a weighty characteristic of financial accounting evidence and for regulatory and professional agencies.

## **2. LITERATURE REVIEW:**

Sehgal and Mulraj (2008) found that corporate governance in India is based on following ethics and values rather than following legal regulations. India follows Anglo-American model of corporate governance which focus on protection of shareholders. Following a number of financial scandals that hit Indian market, SEBI was born to monitor the practices followed by Indian companies and gradually a number of reforms were introduced to improve corporate governance. However, Zinatul Iffah Binti Abdullah, Mahmoud Khalid Almsafir, Ayman Abdal-Majeed Al-Smadi (2015) found that to investigate the existence of reliability and transparency in the financial statement, for the benefit of investors and analysts. The scope of the study is to find the relationship of accounting standards, corporate governance, external controls, internal controls, and ethical practices with the financial statements, based on the auditors and management views in Malaysia. These variables have proven to enhance the reliability and transparency of the financial statements, thus increasing the informative needs, not only for the investors but the management to make a decision in the future. Rahul Pandey (2016) study is an empirical investigation on sample of listed companies to determine the extent of compliance with accounting standards leading to transparency in their financial statements. The paper examines whether a significant relationship exists between disclosure in financial reporting and a number of key corporate characteristics like size, profitability, leverage, age of company etc.

### **3. OBJECTIVES OF THE STUDY:**

The objective of this paper is to study the existence of reliability and transparency in the financial statement, for the benefit of investors and analysts through the proper knowledge of accounting standards, the acceptance of corporate governance policy and ethical practices and conducts while reporting the financial statements in a theoretical manner.

### **4. TRANSPARENCY AND RELIABILITY IN FINANCIAL STATEMENT: A THEORETICAL APPROACH**

To understand the importance of transparency and reliability in financial statement, we need to explore the relevant variable in following manner:

#### **4.1. Financial Statement:**

Accounting is the process of identifying, measuring, and communicating economic information to permit informed judgments and decisions by users of the information. Hence, a financial statement is a set of accounting that was properly organized into its classification of the income statement; balance sheet; cash flow statement; and statement of equity. These classifications make it easier for the current shareholder and the potential shareholder to analyse the transparency and reliability of the financial statements.

The objective of financial statements is to provide information about the financial position (which explain the balance sheet), performance (which indicates income statements), and changes in financial position or cash flow statement of an entity. The transparency of financial statements is secure though full disclosure and by providing fair presentation of useful information necessary for marking economic decision to a wide range of users. In the context of public disclosure, financial statements should be easy to interpret.

#### **4.2. Accounting Standard:**

The accounting standards are procedures and disclosure requirements for the planning and presentation of financial statements. Accounting standards are usually developed within the institutional and professional framework of a country, and promulgated by regulatory or professional accountancy bodies. Indian Accounting standards issued by Institute of Chartered Accountants of India are being harmonized with internationally recognized set of benchmark standards such as International Accounting Standards or the U.S. GAAP.

Furthermore, the accounting standards are formulated with a view to harmonize different accounting policies and practices in use in a country. The objective of accounting standards is, therefore, to reduce the accounting alternatives in the preparation of financial statements within the bounds of rationality, thereby ensuring comparability of financial statements of different enterprises with a view to provide meaningful information to various users of financial statements to enable them to make informed economic decisions.

However, the accounting standards in the United States appear in the form of the generally accepted accounting principles, a set of standards, guidelines and procedures that

are used when accounting for the affairs of most governmental and non-governmental bodies. The interpretation of numbers and the wherewithal to place them in the proper context are at the heart of accounting.

The accounting standards are designed to enforce transparency in financial statements in organizations. The principles, procedures and standards that make up the generally accepted accounting principles were chosen with the purpose of ensuring that organizations lean in the direction of openness when deciding how to provide information to observers. This kind of transparency is especially important in the case of public entities, such as governments or publicly traded companies.

### **4.3. Corporate Governance and Regulations in India:**

The corporate governance indicates that the company would manage its activities with transparency, responsibility, diligence and accountability which would maximize shareholder wealth. Hence, it is required to design systems, processes, procedures, structures and take decisions to augment its financial performance and stakeholder value in the long run. Good corporate governance requires companies to adopt practices and policies which comprise performance accountability, effective management control system, fair representation of professionally qualified, non-executive and independent directors on the board, the adequate timely disclosure of information and the prompt discharge of statutory duties.

The concept of corporate governance emerged in the late 1980's when several companies distorted in U. K. because of inadequacy of operating control. This led to the setting up of Cadbury committee on corporate governance in 1991 by the London Stock Exchange. India, after liberalizing its economy in 1991 started to strengthen its corporate laws and regulations, in order to raise the investor sentiments and to enhance the shareholder's trust.

Then Government of India incorporated SEBI (Securities Exchange Board of India) in 1992 to regulate securities markets. It introduced a new Clause-49 in the Listing Agreement in the year 2000, specifying the principles of corporate governance to be followed by the listed companies. Thereafter, SEBI incorporated various committees' (Birla & Narayanamurthy Committee) recommendations in Clause 49 and revised it nine times within a period 2000-2008. The latest and revised Clause 49 of Listing Agreement has been introduced on 8th April 2008. The statutory and non-mandatory requirements are stipulated by the revised clause 49 of the (SEBI) Listing Agreement and also the provisions required by the Companies Act, 1956.

### **4.4. Ethical Practices:**

The Business Ethics refers to moral demands regarding the business and is based on a theory of the relationship between business and society. Ethics is a good business investment that generates trust and confidence between the parties and in turn guarantees long-term performance. Ethical business identity is becoming an important feature of intrinsic value to business. The reforms in government regulation, increasing scrutiny by the media and the mounting stress of different stakeholders have brought business ethics on strategic agenda of all sections of society. A major responsibility of business ethics focuses

on identifying ways to reconcile strategic issues of the company with the moral responsibility and commitment to stakeholders. If the company wants to be successful in the long term, it must have a social responsibility strategy to understand and use the most effective elements of business ethics, organizational culture and corporate social responsibility.

The business ethics has had a serious consideration which is apparent from the recent financial scandals like Satyam, 2G Spectrum, etc. Ethics covers moral, social and legal issues and using ethical analysis as a component of the decision would result in better use of company resources as well. There are three indicators of ethical identity:

- i) Corporate Governance,
- ii) Corporate Social Responsibility,
- iii) Sustainability and Triple Bottom Line.

**i) Corporate Governance:** Corporate governance is a set of policies, procedures and processes which are integrated within the organization's structures to ensure the protection of interest of all stakeholders. The main objective of corporate governance is to keep a balance between social and economic goals of the organization. The effective system of corporate governance ensures that all relevant information reaches the board of directors on time which would result in efficient internal control and better risk management. Moreover, corporate governance brings more transparency in business operations.

The corporate governance outlines the roles and responsibilities of board of directors and management and frames the guidelines, rule and procedures for ethical decision making. Corporate governance is a well-defined system of processes, operations and monitoring with the objective of achieving shareholder satisfaction and also meeting the expectations of other stakeholders, including employees, creditors, customers, suppliers and community, while fulfilling the legal regulations imposed by the government. It revolves around corporate values, ethics and morals defined for the directors and the company as a whole.

**ii) Corporate Social Responsibility:** Corporate Social Responsibility (CSR) defines the role of business which is beyond its objective of profitability and includes the concept of social and environment concerns for the community. As business is also a part of society and uses the resources equally, it is responsible for the protection of the society. Thus, CSR states the responsibility of the business towards the society and the community to which it is related directly or indirectly.

This concept has gained importance in the recent past as business could realize the benefit of CSR in the form of customer loyalty, community support and reduction in environmental hazards. This has led to the adoption of best practices like total quality management, employee participation, supply chain management, welfare of community through philanthropic activities, etc. This has given a competitive advantage to the companies and thus now more and more companies are adopting 'go ethical and go green' concepts to make the maximum utilization.

**iii) Sustainability and Triple Bottom Line:** Sustainability has been defined as "practices and development that meet the needs of the current generation without compromising the ability of future generations to meet their needs" (World Commission on Environment and Development, 1987). Sustainability aims to meet the demands of all stakeholders by

including social and environment concerns within the operations of the business. Adopting sustainability practices and spending money on such activities are still institutional options and as such they are based on demands of shareholders, which is the reflection of social expectations of the society from business.

The Triple Bottom Line (TBL), also known as 'people, planet, profit', stands for measuring organizational success on three parameters-social, ecological and economic (John Elkington in 1994). The fact is that ethical codes and practices that address the economic, social and environmental issues enhance and sustain businesses.

## **5. CONCLUSION:**

This paper deeply recognized the factors that led to transparency in the financial statement. Transparency has been the only reliable way to have faith in the financial statements. Hence, it is not a simple matter that should be ignored or ruined by the organizations. As the organization is using the shareholder's investments, they must continue to carry such good faith in dealing with that money. When there is no transparency, the financial statements and its information are useless for the decision-making needs. It not only affects the shareholder, but also affects the organization's decision in the future. This study finally managed to pull some relatedness between the financial statements and accounting standards, corporate governance and ethical practices. These variables have proven to enhance the reliability and transparency of the financial statements, thus increasing the informative needs, not only for the investors but the management to make a decision in the future.

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# **Enhancing Employability Skills for Indian Youths by Emphasising on Co-Curricular and Extra Curricular Activities - A Conceptual Study**

**Mrs. Silpy Gupta**

Research Scholar, Shri JYT University

**Ms. Ritika Patodia**

Management Student, ICFAI Business School Mumbai

## **Abstract**

It is aptly said that 'Teach me, and I will forget. Show me and I might remember. Involve me, and I will never forget'. The Annual State of Education Report (ASER) for 2017 released recently talks about the appalling state of education across Indian. Our current academic structure puts huge pressure on the students, both in primary and secondary schools, to do well in exams, score high grades and secure a job. This leads to students having practically no life beyond classrooms and books. They do not get any room to develop as better social beings. They lack the basic social skills and sense of responsibility and accountability which are critically looked upon by the employers while selective these students. Institutes should consider including different co-curricular and extra-curricular activities which help to build well-rounded students with better social skills. These activities are as vital as academics and support in grooming students to better individual in order to take future higher responsibilities. This paper talks about different co-curricular and extra-curricular activities that any institute of any level can incorporate within their curriculum. It also speaks about how these activities can help developing better employability skills within the youths of India and help the nation progress.

**Key words:** Co-Curricular, Extra-Curricular, Employability Skills, Indian Youths, Educational Institution

## **INTRODUCTION**

India's improved education system is often cited as one of the main contributors to its economic development. Education in India is provided by the public sector as well as the private sector. Much of the progress, especially in higher education and scientific research, has been credited to various public institutions. Though it took years for India to establish as a developing nation in the field of education but there still remains a significant distance to catch up with that of developed nations. There are few essential challenges that India necessarily needs to overcome in order to continue to reap a

demographic dividend from India's comparatively young population. Our current education system really needs to take steps to solve the critical issues mentioned below.

- Rote learning & the emphasis is mostly on memorizing the facts.
- Reliability is high on text books.
- Lack of freedom to be imaginative and question the mentioned content in books.
- Most of the syllabus is in theoretical form.
- Values & Ethics aren't being taught.
- Books do not state the significance of physical activity and extracurricular activities.
- Very minimum encouragement towards research and innovation.
- No peer learning is encouraged.
- Not teaching students about how to deal with daily life struggles.

An employability-focused study conducted by Aspiring Minds, an employment solutions company highlighted provided some shocking findings. Almost 97% of engineering graduates from India look for jobs either in software engineering or core engineering. However, merely 3% of them have the precise and suitable skills to be employed in software or product market, and no more than 7% can handle core engineering tasks. This indicates the depressing state of education in India which substantiate that they simply do not have adequate skills to be employed. Another study conducted by ASSOCHAM, an apex trade association in India states that out of lakhs of management graduates churned out by more than 4,000 Business Schools in the country, only 7% turn out to be employable. These management institutes hardly are able to provide quality management education that facilitates these graduates secure employment. These graduates lack basic and essential employability skills. Times of India report cites "Experts say that this may cause serious instability in the economic and social conditions in the country, along with wide scale dissatisfaction and disillusionment. Graduates are collecting their degrees despite not being skilled enough to be a productive part of the Indian economy".

*A recent report published by the Confederation of Indian Industry (CII) and the Boston Consulting Group (BCG) has estimated that India would face 'talent gap'- the lack of right skills for the job required - of more than 5 million, as existing educational institutions do not impart employable skills. The report titled, 'India's Demographic Dilemma' brings out the fact the \$1.1-trillion economy will have a shortfall of 750,000 skilled workers over the next five years. On the other side, there will be a surplus of 1.3 million unskilled and unqualified school dropouts and illiterates.*

## Conceptual background

Employability skills are the skills and capabilities that make students more likely to gain employment as well as generate employment. These skills help out to be successful in their chosen occupations as to navigate their way through a dynamic market. Employability skills are a set of achievements, understandings and personal attributes that make individuals more likely to gain employment and to be successful in their chosen occupations. Employability depends on knowledge, skills and attitudes, how a candidate uses those assets, and how present them to employers. There are few basic essential employability skills (also called organizational skills) missing in these new age learners. Organizations look for these skills as well beyond the academic performance in the graduates. These skills are as follows:

- Soft Skills: Proper communication, leadership, ownership, and ability to work in a team were
- Problem Solving Ability
- Managing Self
- Planning and Organising
- Updated professional Technical know-how & netiquette
- Learning Ability
- Quick thinking
- Having basic common sense
- Rational decision making
- Initiative and Enterprising Attitude
- Negotiation Skills
- Interaction with people of different fields
- Personality adapting in the dynamic world

It has been observed that having Co-curricular and Extra-curricular Activities for students from the very tender age helps to enhance computational skills in the students. These activities provide the room to develop them as better human beings. Academics and the co-curricular & extracurricular activities complement each other to groom a well-rounded student with enhanced social skills. These activities support to build up the process of thinking and then handling problems in a methodical way, creativity and thinking fluidity skills i.e. allowing them to think in a more “out of the box” way and many more. Students’ engagement in these activities not only is beneficial to student development but is highly valued by the employers as well. Corporate believe that students’ active involvement in various co-curricular and extra-curricular activities helps in holistic development and encourages personal and collective responsibility. These can help build desires employability skills in a student over the time.

'Co-curricular activities' and 'Extra-curricular activities' are imposed externally, unlike 'hobby'. These are quite similar in nature. 'Co-curricular activities' are those activities which complement learning experience of the students in the learning institute. These

activities are connected with academic and are organised or designed to help the students have a better understanding of his course. 'Extra-curricular activities' (or sometimes referred to as Extra Academic Activity) are those activities which are totally outside the realm of normal curriculum, but are essential for the all round development of the students. While a quiz, mental mathematics, 'spell bee', etc, are 'Co-curricular activities', sports, gym, swimming, athletics, etc, are 'Extra-curricular activities'.

### **Co-Curricular Activities**

Co-curricular activities are activities that complement curricular activities. This includes a large range of different activities that improve a student's performance in class. Co-curricular activities facilitate in the development of various domains of mind and personality such as intellectual development, emotional development, social development, moral development and aesthetic development. Some examples include attending conferences, writing and presenting research papers etc. These initiatives which institutes should adopt not only will enhance and channelize student skills but also will create a great brand image of the institution.

### **Presentation**

During diverse speaking situations like talking to a big or small crowd, briefing a group or addressing a gathering or conference, Presentation is a mode of communication which is usually adopted. Presentation is used as an expression that even includes other speaking engagements such as getting a point across a video convention or making a speech at an official or unofficial event. To be an effective presenter, step-by-step preparation and the method and means of presenting the information should carefully be considered.

Preparing for presentation facilitates in developing subject knowledge through focused research. Rehearsing for presentation ensures good flow of speech developing presentation skills. Students get to learn the right use of different presentation tools like MS PowerPoint, audio, video and other types of media. It also helps out the students to become better speakers and listener, learn to engage with audience, communicate in different styles, and build rapport. This in turn builds their self-esteem and increased confidence level.

### **Research Paper**

Research paper is the upshot and end product of an implicated process of research, source evaluation, association, critical assessment and composition. A research paper always evolves the more the researcher explores, interprets, and evaluates the obtainable enormous information related to the specified subject of the research. These vital resources and information can be obtained through various primary and secondary

channels and provide the paper its nourishment. A research paper without these support and interface would transmute to a different kind of lettering.

The research paper serves not only to further the field in which it is written, but also to provide students with an exceptional opportunity to increase their knowledge in that field. It creates a research mind set in the students. This in turn broaden their skill set develops their quality of evaluate-comprehend-analyze-synthesize an idea or event. Writing a paper promotes the reading and writing skills in the students along with curiosity to search answer for complex situations.

### **Internship**

Internship is also called 'Industrial Placement' or 'Work Placement' at different institutions. Undergraduate or post graduate students getting a work opportunity offered by an organization to work at their firm for a fixed, limited period of time are called Interns. An internship can last for any length of time between one week and 12 months. Part-time internships are generally offered during a university semester. There is a concept of full-time internships which are offered during the long summer or winter.

During these internships students acquire well rounded experiences and also get to see first-hand how companies work. This provides a valuable understanding of the business and industry in which a person wants to work after completing the course. This provides a great foundation in the desired industry which even gets reflected in the students' resume. Thus such experience will propel one above other college graduates with no internship experience. Most internships train college students on-the-job and provide a fantastic learning experience for them to build their confidence. If someone performs well in internships as a student, the company may end up even offering a full time job ones they complete their course.

### **Certificate Programs**

Students can enrol for different certification programs, often taken either alone or alongside a graduate degree program. A certificate is earned by a student after taking a series of courses in a particular subject. Students often earn certificates to get a step ahead in the professional field of their interest. For instance, there are certificates in business, literature and technical fields. It has been generally observed that students take up the subject/domain they wish to specialize to fulfil a certificate in order to make him or herself more desirable to a potential employer.

Few benefits seen by the students for undergoing any certificate program in desired area

- Better training
- Better knowledge and skills

- High confidence
- A recruiting tool
- Worldwide recognition
- Improved credibility
- Route to self-advancement and motivation

### **Symposium**

Symposium is an academic assembly of proficient participants from a specific field of study. These specialists from that field present or deliver their opinions/viewpoints and recommendations on the selected issue under discussion. At times symposium has also been labelled as a small scale conference as it is more formal, lesser number of delegates delivering presentations. After the experts have presented their speeches there are the natural discussions on the topic. All these discussions are completed by experts in one day during a symposium and it always covers one single subject.

Few benefits the students can get by being the part of such symposiums are :

- Learn new information
- Networking with new people
- Ability to share ideas and get immediate feedback
- Collection of materials to take home for later reference and study
- Developing presentation skills
- Learning about facts and statistics leading to better understanding of market and industry

### **Extra-Curricular Activities**

Extra-curricular activities are the activities which are not related to the academic curriculum. These are the activities students are involved in outside of their syllabus of main education. Few initiatives which institutes can easily adopt not only will enhance and channelize student skills but also will create a great brand image of the institution.

### **Sports**

Sport has been defined as “an athletic activity or skill and involves a degree of competition, such as tennis or basketball”. Various kinds of indoor and outdoor games and competitive racing are called sports. Institutes keeping sports as an activity for their students needs coaches to constantly guide, train and coach the individuals in correct direction to better their performance. There are certain sports which are played by individuals and some in teams.

Benefits through active involvement in any sort of sports by the students are likely to be:

- Physical Fitness - Proper grooming, fitness and health
- Team Spirit - Strong relations and unity
- Mental Strength - Dealing with Success and Failure equally
- Confidence - Develop personality and self esteem
- Decision Making - Quick mental power, better & strong decision

### Music

Music is the art of sound which has the elements of rhythm, melody and harmony and is a significant form of expressing ideas and emotions. Students can get involved with music choosing the medium they are passionate about such as vocal music, dance, musical instrument etc.

Benefits of being attached to some kind of music are likely to be:

- Develop language and reasoning
- Mastery of memorization
- Creation of improved work outcome
- Increased coordination
- Sense of achievement
- Stay engaged
- Emotional development
- Builds imagination and intellectual curiosity
- Music can be relaxing
- Music teach discipline
- Development in creative thinking
- Developed spatial intelligence
- Better self-confidence

### Trekking

Trekking is mostly planned with the specific purpose of exploring and enjoying the nature. It only involves the form of walking by the individual called trekkers. It usually takes place on trails in areas of relatively unspoiled wilderness.

Benefits attached with trekking are likely to be:

- Cool mind and excellent focus
- Reduction in stress
- Cardiovascular strength
- Healthy and agile heart
- Interval training
- Sense of calmness and joy
- Sense of achievement

## **Government & Corporate initiatives**

The government of India as well as multiple organizations has joined hands together to work towards developing the employability skills among the Indian Youths. Lot of such initiatives have already been taken up either individually or in collaboration.

### **Government of Andhra Pradesh**

The government of South Indian state of Andhra Pradesh has signed a Memorandum of Understanding (MoU) with the Tata Institute of Social Sciences (TISS) towards 'Andhra Pradesh University Students Employability Skill Development Programme', a flagship initiative of the state government. An official release said, "We aim to transform Andhra Pradesh state into a knowledge hub by providing quality education and giving opportunities for students to develop employability skills among the Universities and Colleges in the state". The MoU involves strategic partnerships with civil society organisations, public sector bodies, private sector institutions and social entrepreneurship organisations, etc., to complement the efforts of the AP State Knowledge Mission, and accelerate its progress for achievement of the Mission objectives, it added. Objectives of the MoU include to ensure significant, measurable increase in employability of students studying in universities and degree colleges in AP and to form collaboration with higher institutes and industries for implementing the Employability Skill Development programme.

TISS has been designated for the implementation of National University Student Skill Development Programme (NUSSD), which aims to enhance employability skills of university students. This comprehensive skill development model encompasses elements of English communication and soft skill, digital/computer skills, analytical skills, financial literacy, legal literacy, entrepreneurship and leadership development. The Certificate programme and the diploma provided by TISS for this programme is approved by the Academic Council of TISS and is highly recognised by the industry. This employability training programme offered by TISS will be treated as a parallel degree programme along with the regular Bachelor's degree and it can play a significant role in giving students more confidence and in adding to career opportunities.

### **State of Jammu And Kashmir - Udaan**

Udaan is a Special Industry Initiative for Jammu & Kashmir in the nature of partnership between the corporate of India and Ministry of Home Affairs and implemented by National Skill Development Corporation. The programme aims to provide skills training and enhance the employability of unemployed youth of J&K. The Scheme covers graduates, post graduates and three year engineering diploma holders. It has two objectives:

- To provide an exposure to the unemployed graduates to the best of Corporate India
- To provide Corporate India, an exposure to the rich talent pool available in the State

## Namo Government

### *Skill India*

*The main goal is to create opportunities, space and scope for the development of the talents of the Indian youth and to develop more of those sectors which have already been put under skill development for the last so many years and also to identify new sectors for skill development. The new programme aims at providing training and skill development to 500 million youth of our country by 2020, covering each and every village. Various schemes are also proposed to achieve this objective.*

### “National Scheme of Apprenticeship Training”

The National Scheme of Apprenticeship Training is implemented through four Regional Boards of Apprenticeship/Practical (BOATs/BOPT) at Mumbai, Kanpur, Chennai & Kolkata. The Scheme of Apprenticeship Training provides opportunities for practical training to graduate engineers, diploma holders (Technicians) and 10+2 Vocational pass outs in about 10,000 industrial establishments/ organizations as per the policies and guidelines laid down by the Central Apprenticeship Council (CAC), which is an apex Statutory Body constituted under the Apprentices Act, 1961. These four Regional BOATs/BOPT are fully funded autonomous organizations of MHRD and have been entrusted with the responsibility to implement the Scheme of Apprenticeship Training under Apprentices Act, 1961.

### “Support For Distance Education & Web Based Learning (NPTEL)”

In order to enhance learning effectiveness in the field of technical education by using technology, the MHRD, in 2003, initiated the Project - National Programme for Technology Enhanced Learning (NPTEL) to enhance quality engineering education in the country by developing curriculum based video courses (at least 100) and web based e-courses (at least 115) to be prepared by seven IITs at Delhi, Bombay, Madras, Kanpur, Kharagpur, Guwahati, Roorkee and IISc, Bangalore.

## Yes Bank

Yes Bank launched its skilling initiative, YES STEADY, to provide employability training to youth through targeted skill building initiatives. Since the launch of the initiative, 431 students have been inducted and went through skill training under

various focus sectors such as agriculture, accountancy, electrical works, BPO & soft skills, and primary teachers training. The students are provided with employment linkages through a formal placement cell and are connected with an alumni network of the Foundation's existing program.

### **Aricent**

Aricent launched 'Aricent Employability Program', a unique CSR initiative in partnership with NASSCOM Foundation to create greater employability opportunities by up-skilling engineering undergraduates across Karnataka, Tamil Nadu, Rajasthan and Delhi NCR regions.

### **TATA**

Tata companies are training thousands of youth across India for variety of skill sets under 'Life skills for India' to make them employable and productive. In India, the Tata skilling initiative is powered by the efforts of individual companies working to support thousands of youngsters and the community at large. While the scale and size of the skill-building projects differ, each company is making quality training and industry-relevant vocational skills available to those who need it most.

### **WIPRO**

IT major Wipro will launch a nation-wide initiative, the Wipro Integrated Skill Enhancement Program (WISE Pro) to impart communication and soft skills training to undergraduate students. This will be predominantly for non-engineering colleges in India, with the aim of improving employability in the Information Technology, Business Process Management (BPM), as well as other services sectors. Wipro plans to extend this program nationally to over 5000 students and especially, make in-roads into smaller centres in India, besides the large cities.

## **CONCLUSION**

The meaning of employability is not only limited to acquiring a salaried job but extends to the ability to be employ as well as employment generating capacity. Employment generating ability indicates entrepreneurial skill along with other required skills. Such job ready skills are now a days in various institutes mostly during professional courses which is a very late start. Many of these skills should be developed while the children are in their school. A lot of these employability skills can be build through various co-curricular and extra-curricular activities both in schools as well as colleges of different level. Hence our current education system must incorporate such activities to prepare and enable every individual to reach greater heights.

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# **Impact of GST on Stock Market Post Implementation**

**CA. Jai Kotecha**

Faculty, Thakur Institute of Management Studies and Research,

**Piyush Pandey**

Student of Thakur Institute of Management Studies and Research

**Rohit Singh**

Student of Thakur Institute of Management Studies and Research

## **ABSTRACT**

The current study is based on the new initiative of Indian government i.e. "GST - One nation one Tax" and its affect on the Indian stock market post implementation. The new scheme was adopted with a single motive of simplifying the life of the Tax payers and also to reduce the burden of Taxation on Indian citizens. This paper provides with the actual impact of the scheme on the performance of stock market and helps to understand the relationship of GST amendments and its impact on stock market. Results reveal that there is a great impact on various sectors of manufacturing and services in different aspects which leads to fluctuations in the Stock market but is at times overshadowed by global events.

**Keywords:** GST, Stock market, Performance, Amendments.

## **INTRODUCTION TO GST AND STOCK MARKET**

**GST:** The government of India Adopted GST on 1st July 2017. The Government of India proposed the Tax with an aim to eliminate several indirect Taxes like VAT, Central Excise Duty, Sales Tax, etc. GST is also known as One Nation One Tax. GST is anything but one Tax. It's Collusive of three Taxes- Central Goods and Service Tax (CGST), Interstate Goods and Service Tax (IGST) and State Goods and Service Tax (SGST). As the name suggests IGST will be levied on Inter-state Supply of Goods and Services. CGST and SGST will be applicable to the Intra-state supply of Goods and Services. The tax will be levied at all stages right from manufacturer up to the final consumer with credit of taxes paid at previous stages available as set off. In lay man's language, this Tax will be levied on Value Addition and the final burden of Tax will be borne by the Ultimate Consumer.

CGST is expected to replace all the central indirect Taxes whereas SGST will have some Exceptions, Taxable under Excise duty. Excise Duty will be chargeable on certain

goods like human consumable alcohol, tobacco products, motor fuels, crude petroleum, natural gas and aviation turbine fuel.

GST will Eliminate Cascading effect of Taxes, and mitigate the practice of Tax on Tax.

### **Stock Market:**

It's necessary to understand the difference between a stock market and a stock exchange. A stock market is a place where a Company's stock (listed or unlisted) is traded. Stock exchange is an organized market environment where the members meet (physically or otherwise) to trade in company's stock or other listed securities; hence all the stock exchange of India falls under Indian stock market.

Bombay stock Exchange (BSE) and National Stock Exchange (NSE) are the largest stock exchanges in India as major trading is done on these two exchanges and it also suffices the needs of the Foreign Investors. Sensex and Nifty50 are the most promising Indices available in the Indian stock market. Sensex closely tracks 30 Companies, which are leaders of their field and every company represents different industry which in all gives a proper idea about the market. Nifty50 Tracks 50 companies (Now have included Zee entertainment which adds up 51 companies) to provide with the insight of the fluctuations in the market.

BSE is the oldest stock exchange of India, established since 1875, NSE is a comparatively a younger stock exchange, founded in 1992 and started trading in 1994. NSE enjoys a dominant share in spot trading, with about 70% of the market share, as of 2009, and almost a complete monopoly in derivatives trading, with about a 98% share in this market, also as of 2009.

Trading at both the exchanges takes place through an open electronic limit order book, which matches a seller's requirement with the demand of the buyer, providing both buyer and seller the best offer, still keeping the identity anonymous to each other. The entire process of the stock exchange is order driven and this system of matching the needs with the demand brings more transparency to the market.

The overall responsibility of development, regulation and supervision of the stock market is in the hands of Securities & Exchange Board of India (SEBI). The 1991 Indian reforms had a great impact on the Indian stock market and also on the Indian economy. Post 1991 reforms, foreign investments were permitted. Foreign Investments are classified into two categories;

- 1) Foreign direct investment (FDI)
- 2) Foreign portfolio investment (FPI)

And for making portfolio investments in India, one should be registered as foreign institutional investors (FII) or as one of the sub-accounts of one of the registered FIIs.

The objective of this research is to understand the Impact of these new reforms in the Tax system on stock market. It helps to understand the relationship of GST and stock market, as to how much they are interlinked with each other and whether the impact is positive or negative. A strong and stable democratic government coupled with the relatively free play of market forces today makes India the most attractive investment destination, not only for the domestic investors but also for the foreign investors. The research focuses on how the performance of the market has been affected post implementation of GST. (indian stock market, 2017)

## **RESEARCH METHODOLOGY**

The study is quantitative in nature. We will be relying exclusively on secondary sources of data, significantly on the reports generated by the Central Board of Excise and Customs, BSE and NSE. The methodology is used to track the volatility in the stock market post 1<sup>st</sup> day of July, 2017 and every GST council meet conducted after, to understand the effect of the amendments in the new Tax regimes on the indices. Stock market is prone of being affected with any activity, new amendment, new regulations or law which may occur anywhere in India or throughout the world, which is evident on the indices (Sensex, Nifty50). The research helps us to understand the ups and downs in the market.

## **SCOPE OF STUDY**

The following are some of the objectives that we hope to accomplish during the course of our study.

- a. To understand the relationship of stock market and the Taxation system.
- b. To understand the performance of stock market post implementation of GST.
- c. To understand the effect of GST on stock market.
- d.

## **SIGNIFICANCE OF STUDY/LITERATURE REVIEW**

India has always been a country with high potentials but with poor management. Post-Independence, the country has again faced carious problems and moved down further in the list of countries. The then finance minister of 1991 Dr. Manmohan Singh, who suggested the need of reforms in our judiciary system, reduction of licenses, and ease of doing business in the country which still helps the economy to flourish. Post 1991 reforms, the world became a globalized market and hence there was huge competition and then the century witnessed the fastest development in history. In the next odd 20years the world has moved 100 years ahead with new technologies and new avenues that help us to survive in todays world.

It's a period where a country like India, which was considered as a 3<sup>rd</sup> world nation in the past, is moving ahead to become a super power and dream can become reality in may be just a couple of years, but how is this transformation possible. In 2016, honorable prime Minister. Shri Narendra Modi announced Demonetization with a motive to eradicate Black money, but when the country provides a platform like Capital market where with proper knowledge and R&D people can earn dividends and also have capital appreciation then why individuals choose to stack the money.

It's sensed that the market is volatile and people are afraid of the risk which the market provides with the rewards. Post 2016 Demonetization, the number of people investing in the stock market has drastically increased and it seems that there is a shift in the mindset of people. In 2017 government announced implementation of GST and hence its necessary to understand that what effect it will have on the market, Will the people turning towards capital market again pass to something else. In an earlier research, the authors have claimed that the FII's are seriously affected by the Tax system of the country as it depreciated their yield from the share at times.

Some of the Literature reviews are:

- Measuring Tax-Sensitive Institutional Investor Ownership: In this, the researcher emphasizes on the impact of taxation schemes on the behavior of FII's.
- A Review of Goods and Services Tax (GST): Impact on Indian Stock exchanges and various stock Sectors.  
in this, the researcher has focused on the secondary data.

#### **LATEST NEWS ON GST**

- GST is one of the most complex with the second highest tax rate in the world among a sample of 115 countries which have a similar indirect tax system, says the World Bank. (GST one of the most complex tax, says World bank, 2018)
- What will be the impact of GST on stock market? (what will be the impact of GST on Stock market, 2017)
- The impact of rolling out GST has started wearing off: Pankaj Tiberewal, Kotak Mutual Fund (Dhanorkar, 2017)

#### **BODY**

The Data collected for the research was from the secondary sources; due to lack of time it was difficult for us to collect the primary data from the right Target audience. To understand the impact of GST on stock market, we focused on all the important dates related to the council meet of GST. GST has been in the parliament as an idea since 2007, after various research and analysis, the first step to bring this idea into existence was to formulate a GST council which closely studied our tax system, understood the

flaws and necessary changes and then created our new Tax scheme i.e. Goods and Service Tax (GST). The first meeting of this council with our Honorable Prime Minister Narendra Modi was conducted on 22<sup>nd</sup> and 23<sup>rd</sup> of September, 2016. Once the council was made and the 1<sup>st</sup> meeting was conducted, there were meetings continued thereafter, wherein decision were taken for this new scheme.

GST came into existence in the eyes of Indian citizen on 1<sup>st</sup> day of July, 2017. GST council meets were conducted even post implementation of GST with the main objective of understanding the setbacks and flaws in the new scheme, required amendments, adapting new strategies, up gradation of the brand new Tax scheme etc. to get the actual benefit of the scheme and to achieve the Vision i.e. to simplify the procedure for the convenience of the people and also as a better Tax scheme. India recently adopted this scheme to reduce complication in the process, convenience and also reduce the burden of taxes on the citizens of India; But India is not the only country which has adopted this scheme, India is now amongst 115 countries, having similar indirect Tax system. (GST one of the most complex tax, says World bank, 2018). Stock market has helped the Rags to become Rich, but there is also Risk associated with the investment we make. The number of successful Investors and traders in stock market is very low and that is due to the fear of losing money and the greed of earning more in a short period of time, which restricts our growth. This fear and greed are also one of the many forces which operate the market and, timely infuse bullish or bearish seeds, leading to the Ups and Downs on the indices.

Our analysis focuses on the indices of BSE i.e. Sensex, wherein the indices was tracked from a day preceding the amendment of GST and for the succeeding day. It was noticed that the Government understood that the Impact of GST on market would be high, because they got a sign.



(Sensex View, 2016)

This chart shows the trend of Indices in the stock market from 21<sup>st</sup> September, 2016 till 26<sup>th</sup> September, 2016. The 1<sup>st</sup> GST council meet was conducted during this period and hence we can see, the market plunged dramatically in this period and on of the reason was GST. If we study the history of stock market it is noticed that whenever there is any new amendment or new law which is passed in the economy or even discussed about, it has its affect on stock market. The development of indices during this period can be because of the vague knowledge people had about the new scheme, leading to investors using their put option and making the market crash from above 28700 points to near 28300 points.

In this study we directly take a leap from September, 2016 to March, 2017. It was seen that as the time of implementation of GST i.e. 1<sup>st</sup> of July, 2017 was approaching the hype of this scheme in the market was visible and people were really looking forward for this amendment as everyone was not sure that what good this scheme will bring to the Economy, but sub-consciously had a positive outlook towards this new scheme. This was the period where the awareness of this scheme created but still there were some unsolved queries and mysteries about this scheme.

On 16<sup>th</sup> March, 2017 the 12<sup>th</sup> GST Council meet was conducted in New Delhi.



(Sensex view ,

2017)

Its evident that the market again plunged from 29650 points to approx. 29510 points. This time the drop was not as severe as compared to the 1<sup>st</sup> meet, which shows that during this period, investors and traders had somewhat understood the scheme and were hoping for the best.

The 13<sup>th</sup> GST Council meet was conducted on 31<sup>st</sup> march, 2017 and the affect of this meet on Stock market was astonishing.



(Sensex view , 2017)

The market was up by approx. 300 points, which was a record high. Market went up from 29620 points to 29910 points. Market being a very sensitive place, gets affected by every event happening at national and international level. This event had a great positive impact on the stock market.

The trend of market outperforming the expectations of the investors and traders continued even after the 14<sup>th</sup> GST Council meet, held on 18<sup>th</sup> and 19<sup>th</sup> of May, 2017 in Srinagar, Jammu-Kashmir and 15<sup>th</sup> GST Council meet which was held on 3<sup>rd</sup> day of June, 2017 in New Delhi. It seemed that the market had great expectations from the new scheme and were positive about this development but the market crashed after the 16<sup>th</sup> GST council of held on 11<sup>th</sup> June, 2017 at Vigyan Bhavan, New-Delhi



(Sensex view , 2017)

During this research we thought that this crash in the indices of stock market was in relation to the GST Council meet. Later, it was discovered that in the 1<sup>st</sup> week of June there was some geopolitical development, a tension building the gulf countries. On 5<sup>th</sup>

June, 2017, even bilateral economic and strategic ties remained strong, Saudi Arabia and its 4 allies had suspended their diplomatic ties with Qatar. Analyst had then suggested that the markets won't face a super blow immediately but, will have an impact on the stock market. This was the reason that the market had gone down and the effect of GST was overshadowed. (Top 10 stories of June 5, 2017, 2017)

The thought of GST being overshadowed would have been wrong if the falling trend would have continued but the trend on Sensex post 17<sup>th</sup> GST council meet, held on 18<sup>th</sup> June, 2017 proved us right as the trend was back on track and the market was up by approximately 300 points.

Due to the past tracked record and our Perspective we developed a theory which suggested that the market is positively connected with the new Tax regime i.e. GST and it gives a boost to the performance, but at times is overshadowed by any big global or domestic event and hence the market falls. To prove this theory, we further continued our research till the latest GST council meet i.e. the 25<sup>th</sup> GST Council meet:

- On the midnight of 30<sup>th</sup> June, 2017, Honorable Prime Minister Narendra Modi announced the implementation of new Tax scheme, GST- "One Nation, One Tax" and the market again splurged to a new high. This tax scheme had 5 slabs starting from 0% till 28% and the goods and services were bifurcated under this slab.
- Analysts suggested that the market would slow down in the pilot testing stage, but after successful application of this scheme, will help the market to grow. (World asia india , 2017) . The 18<sup>th</sup> GST Council meet held on 30<sup>th</sup> June, 2017, was the last Pre- GST implementation meet and hence the crucial one. Further meets would analyze the application of GST and will make decisions for amendments, hence this meet had its own importance.



(Sensex view , 2017)

The market, again went Up by approx. 350 points making a new record of crossing 31000 points for the 1<sup>st</sup> time. Post this amendment, the market was expected to be bullish on some factors and bearish for some events.

- The 19<sup>th</sup> GST Council meet held on 17<sup>th</sup> July, 2017, had a motive of analyzing the implemented Tax scheme. The market was bearish at this point and has lost 550 points and was at 31700 points from 32250 points.



(Sensex view , 2017)

GST definitely was one of the reason for this fall, but not entirely. At this point, FPI's had pored 11, crore in the Indian market (FPI'S poured 11000 crore in july in Indian markets, stays bullish., 2017), which was a sign that the entire downfall was not due to any problem created by the new tax scheme.

In July, 2017, Government of India was ready to streamline the bankruptcy code and punish the defaulters. Estimated NPA was \$210 billion and the government was focusing on recovering this loan or Penalize the defaulters. (210 Billion bad loans, 2017). This was a major reason, as big players must have been bearish towards the market.

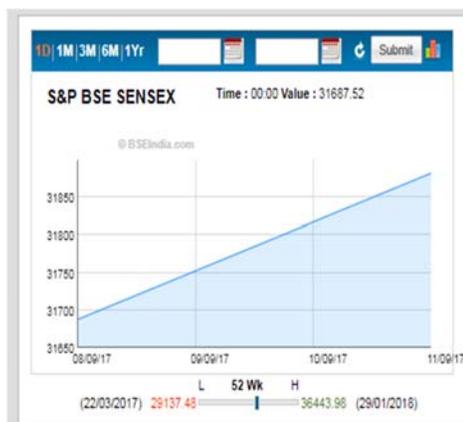
- 20<sup>th</sup> GST Council meet on 5<sup>th</sup> august, 2017 was an important meet. Every sector had their different Tax liabilities, few were satisfied with the amendments and few were opposing these changes. The market was definitely not in its best position and was expected to dip.



(Sensex view , 2017)

The market went from 32325 points to 32272 points. If we notice the market has dropped by approx. 50 points, but at this point the market has crossed 32000 points which was a new record for the stock market and it was an indication that the GST was acting as a catalyst and the performance was appreciating drastically. This was a slight drop but was not much affecting. This drop was due to a shocking change in the Indian politics. Ahmed Patel defeated BJP leader in a steamy battle for the seat of Rajya-Sabha, before Gujarat polls approaching their way. This shift was unexpected and hence the market was a bit down.

- The 21<sup>st</sup> and 22<sup>nd</sup> GST Council meet were executed in the month of September and October, 2017. GST scheme, at this point, had undergone serious amendments, some were desired by the various sectors and hence the market was happy, which was seen through the Indices



(Sensex view , 2017)

The market during this period had not recorded any loss and was working in a positive direction but if we notice the market is now between the range of 31500 to 31900 points. The market in the month of August, was working above 32000 points, this shows that, though the market has not recorded any drop in the month of

September and October but comparatively the market has fallen from August, maybe due to Geopolitics, market movers, Crude oil prize etc.

- In the month of November, 2017, the market was globally at a rally. The world was looking at India as a growth hub and hence there were major occurrence happening. There were great developments evident in the blue-chip companies and the market was expecting growth. GST amendments were really helping the economy and so the market, for the first time crossed the benchmark of 33,000 Points. November was positive for biggies like Paytm, Amazon, PayPal, Walt Disney, BHIM etc. (Top 10 stories of November, 2017, 2017).
- Post, 23<sup>rd</sup> GST Council meet, conducted on 10<sup>th</sup> November, 2017, the market again lost its peak and dropped at 33046 points from 33,320 points losing around 274 points.



2017)

(Sensex view ,

This phenomenal drop in the market, even when there was global rally going on and everyone were bullish about the market was, because India's fiscal deficit had crossed 95% of the budget estimate by the end of October, 2017. (Indian fiscal deficit, 2017) This was the biggest reason for the downfall faced by the market.

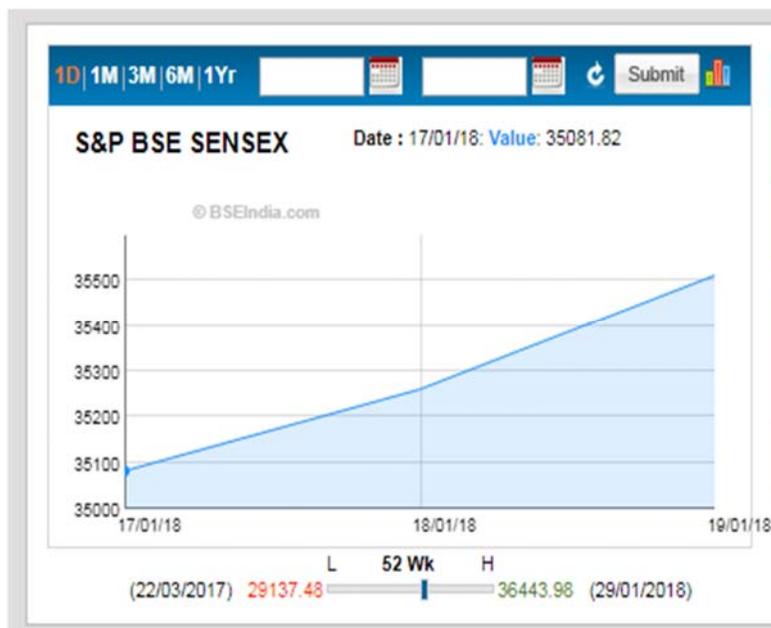
The GST meet, on 10<sup>th</sup> November, 2017 had major amendments in their bill, which was need of the hour and this amendment then helped the market to regain its position. (Sensex crosses 33000 , 2017)

- After the 23<sup>rd</sup> GST council meet, the market had accepted the new Tax regime and hence market was performing really well.



(Sensex view , 2017)

24<sup>th</sup> GST Council meet held on 16<sup>th</sup> December, 25<sup>th</sup> GST Council meet held on 18<sup>th</sup> January, 2018.



(Sensex view ,

2017)

The market, prior to the 25<sup>th</sup> Council meet was at an excellent pace and had continued the trend by breaking records and creating a new benchmark of 35,000 points. Due to this, it is easy to understand that the new amendment has helped the various sectors in different ways. The new regimes have made easy and cheaper raw material available in the market, lower logistics cost, Improved and cost-efficient Supply chain which has helped all the sectors to develop and hence had an overall positive impact on the stock market.



The market has outperformed our expectation in the past year and if the economy keeps flourishing in the same pace then the indices may reach the benchmark of 50,000 points.

### LIMITATION OF STUDY

The major problems being faced is to understand the extent of effect GST has on stock market. Stock market being a volatile market gets affected with majorly every event occurring in this global economy.

- Difficult to quantify the effect of GST on the volatility of stock market.
- Time constraint will limit the extent & depth of the study.

### CHALLENGE

Goods and Service Tax is a scheme adopted in the year 2017 but has been in the process of becoming a Tax regime since 2007. The scheme adopted in the month of July, 2017 has undergone various amendments and still is not consider perfect.

GST, even after being helpful in various sectors and in the performance of the stock market, needs constant monitoring as it is a very complicated tax regime. The initiative of "One Nation One Tax" has been achieved but the Government has to be proactive in decision making and regulating the scheme. The government of India has been receiving Complaints against the GSTN Portal, the quarterly return filling and linking of Aadhar with PAN.

The challenges which can be faced by the Government are:

- Regular amendments will force the citizens to not have faith in the scheme which will eventually affect the economy.
- As per a famous saying, in India people don't follow the rules but are more inclined towards the exceptions. If there is any loophole found or created in this scheme, the entire motive of simplifying the Taxation scheme and protection of tax evasion will be defeated.
- If the rules and regulations are not simplified in the mere future it may affect the productivity and yield of the nation.
- The scheme has new connected scheme coming into the market i.e. for e.g.: E- way bill. These new internal scheme should be properly tested and then implemented so that it does not hampers the growth and liking of GST amongst people.
- Approaching Central elections can be a big threat to the scheme as, if the ruling party is changed then the amendments maid in the Tax regime would be done by people with different psyche, which may even worsen the situations.

## CONCLUSION

The entire research was done with the objective to understand the relationship between GST and Stock market. It is understood that the new Law has helped the economy to overcome their problems like, Cost, Blockage/Bottleneck of raw materials etc. which has helped the Companies to expand their horizon and hence helped the market to grow.

As discussed, the entire market runs on various factors, few of them being greed and fear which also sometimes create demand. GST in the earlier stage had created a sense of fear in the market but slowly as the scheme was understood, it was accepted in the market.

The research helped us to understand that the market is very well in sync with GST and, has a positive affect on it. The global market is also seeing India as a future super power and hence this taxation scheme should be very well monitored so that it becomes a helping hand in the same way it is now and helps the market to achieve the unachieved benchmark. It is noticed that GST has provided a jetpack which makes the market go positively high but at the same time other events happening in the market also affects the market in a more negative manner

Therefore, its difficult to understand that up to what extent the growth is because of GST and vice versa. This topic shows that GST has a positive relation with the stock market and helps the markets to perform better.

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# Study on Employability Issues for Management Students / Youth

**Kavita V Joshi**

HEAD - Placements & Corporate Relations  
Kohinoor Business School, Mumbai

## Abstract

Post Graduate employability is a key issue for Higher Education.[Management Institute]. In a growing economy like India with youth population up to approx 60 %, unemployment is still an issue. A huge GAP is found between the Aspirations and the Reality among the students. Student's community need to understand the practical aspect of the Job Industry.

They need to be well equipped with their weapons in terms of right from the way they present themselves, talking, walking, convincing and having right attitude. For all these qualities personnel skills really matters and that is the focus area.

Skills such as enthusiasm, dependability, Hard work, Go getter attitude, and team-working scored higher than subject knowledge skills, whilst commercial awareness, negotiation and networking were given lowest priority.

The study of an employability skills profile was compiled and distributed to Management students as part of personal development planning, wherein some students rated themselves more highly than students in subject knowledge, core skills and personal qualities, except tolerance to stress/pressure. Implications of this study, including the value of student self-assessment of their skills and utility of the profile to underpin personal development planning and inform post graduate recruitment processes, are discussed and recommendations made. Also how it can be useful to the lower levels in the society where real talents are not exposed. Over all making our country better by supporting and nurturing the youths through right education, developing their skills where it is required and making them employable in their own country.

**Key Words:** Employability Skills, Employer, Post Graduate employability, Soft skills, Subject knowledge, Recruitment, Skills Development, Indian youth.

## **INTRODUCTION**

Employability can be defined as “doing value creating work, getting paid for it and learning at the same time, enhancing the ability to get work in the future.

Employability is a management philosophy, developed by Sumantra Goshal in 1997, which recognizes that employment and market performance stem from the initiative, creativity and competencies of all employees, and not just from the wisdom of senior management.

For employers, it involves creating a working environment that can provide opportunities for personal and professional growth, within a management environment where it is understood that talented, growing people mean talented, growing organisations.

For many employees, the new contract would involve movement towards a greater commitment to continuous learning and development, and towards an acceptance that, in a climate of constant change and uncertainty, the will to develop is the only edge against a changing job market.

Employability is an individual’s ability to gain initial employment, maintain employment, move between role's within the same organization, obtain new employment if required and (ideally) secure suitable and sufficiently fulfilling work.-Hillage and Pollard’s (1998).

The objective of doing Post Graduate course in Management [MBA] is to secure a better career for the talented graduates. But once entered in Post graduation, there are lot of challenges to secure better Job / Career, as it is not only dependant on doing successful completion of course but it demands many more skills along with academics to fit into the corporate world, to secure their first job which is the turning and crucial phase in their lives. This study is based on bridging the Gap between the Aspirations of Management students and the Reality.

## **LITERATURE REVIEW**

T. V. Rao and et al. (2014) in their paper entitled “What employer’ s value in the MBAs they recruit: Rebalancing the management education curriculum” conclude that qualities that the employers would like stressed mainly 3 things that gives directions for curricular change: Practice Orientation, Team Work and Perspective Building. Finally, they present six guidelines that seem to be important from the employers’ perspective as a model for future curricular Practice: Introduction of the curriculum through practice; Critical thinking and diagnosis; Integrative thinking; Capability for learning; Focus on a complex

made up of Leadership, Team Player, Innovator, and Corporate Citizen; and Apprenticeship before award of the MBA degree.

Dr M Nishad Nawaz, Dr.B.Krishna Reddy (2013) stated that enhancing employability skills in management education is considered as an important task by all universities and colleges. Employability skills required for management graduates are language competency, cognitive skills, and functional and people skills etc...

Rajni Khosla (2011) in the paper entitled "Exploring employers expectations with changing market trends: A Study in reference to New Emerging Potential & Promising B-Schools" stated that Many students still face employability crunch. Employers as stakeholders can define best what skill set & attributes are prime to present business needs. This would improve employability index of B-School graduates.

This study covers identifying employability Issues for management students, and preparing them to overcome the issues which will help them to pave their career path matching their Aspirations. It actually covers what basic skill sets are required to get their first career break.

## **OBJECTIVES OF THE STUDY**

- 1) To identify the employability issues faced by Management Students.
- 2) To prepare students so as to overcome their employability issues resulting in better Jobs.

## **RESEARCH METHODOLOGY**

For the completion of research paper researcher has used Descriptive research method. It is based on secondary data available in various journal articles, websites, books and magazines.

## **DATA COLLECTION**

### **PRIMARY DATA**

In this study the data has been collected from observations, feedbacks from the companies and internal sources [feedback from students].

## SECONDARY DATA

Secondary data collected from the Books, Internet, magazines, Journals and different types of Research papers etc.

### I. EMPLOYABILITY TRENDS

Job offers for fresh management graduates in India are at a five-year low, official data show, a trend experts blame on a sluggish economy as well as a mismatch between the years-old curriculum and industry expectations.

## WORRYING TREND

Campus placements of management students have seen a decline

**% of students placed**

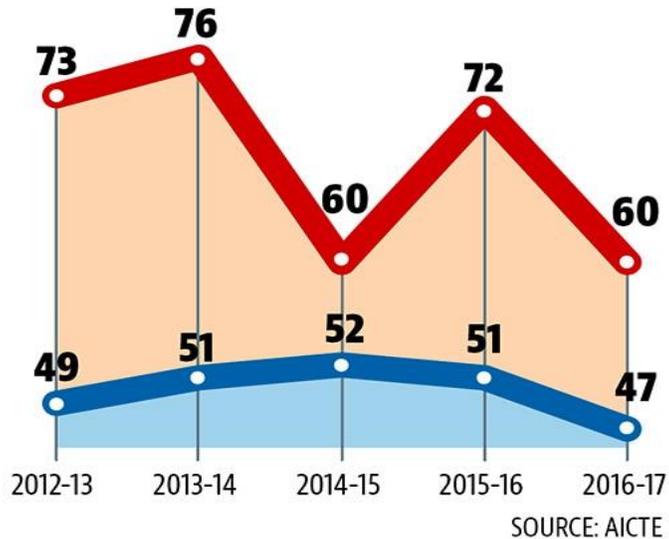


**PGDM:** Post-Graduate Diploma in Management



**MBA:** Master of Business Administration

(Data does not include IIMs, some management institutions not affiliated to AICTE)



The data does not include the premier Indian Institutes of Management (IIMs) that are not affiliated to the main regulatory body, the All India Council for Technical Education (AICTE). There are an estimated 5,000 management institutes across the country. About 200,000 students passed out of these institutes in 2016-17. The trend has AICTE officials worried.

“It is a market-driven process and hence placements are dependent on that. We have taken cognizance of that (and) are updating and reviewing the curriculum so that it meets the requirement of the industry,” said a senior AICTE official on the condition of anonymity because

he is not authorised to speak to journalists. Human resources experts say while the job market was muted, the quality of graduates is also a concern.

“The industry is on the lookout for job-ready people which most MBA grads are not (barring those in IIMs and other top B-schools where placement is high. Until about a decade ago, management studies in India were largely restricted to the IIMs and some top private institutes. As the economy grew, demand for management graduates too soared, leading to a spurt in new private and government-backed institutes.

But in the absence of competent Faculty and Industry Training facilities, most B-schools began churning out graduates who were far from being job-ready.

## II. EMPLOYABILITY SKILL IS CRUX FOR EMPLOYABILITY

1. To get the first career break of their life.
2. To increase competency of the post graduating students.
3. It makes an individual employable/self-employed.
4. It builds an individual's [postgraduate students] career.
5. It gives them competitive advantage.
6. It helps an individual to maintain and sustain their employment / Self-employment.
7. It helps Post graduate students/ individual to perform all duties in the organization successfully.

## III. EMPLOYABILITY ISSUES

### OBSERVATIONS:

It is been observed that the conversion ratio of students getting their first jobs is declining.

### Reasons

- Lacking of appropriate Communication Skills, Subject Knowledge, not updated with the Market or Industry Trend.
- Lack of preparation for interview
- Lack of clarity in thought process.
- Lacking Self analyses with regards to identify ones potential and capitalizing on that in terms of getting a better prospect.

Doing SWOT analysis of oneself will help them to get closer to their dream job and they

need to work hard with dedicated perseverance to achieve their set goal.

Having high aspirations in regards to dream job is good but one self has to understand whether I am the right fitment on the same.

There has to be a right match of candidate having right attitude and the right job profile which will bring in mutual fulfillment for both the company as well as the candidate.

#### **General Feedback from the companies:**

- Communication Skill – is the most common feedback.
- Subject Knowledge
- Re-Location issue
- Attitude
- Confidence Level

#### **Feedback from Students:**

- Low confidence level
- Unawareness /General Knowledge
- Communication Written / Oral
- Family Constraints, Mindset, Attitude, Limitations and inability to take their own decisions.

#### **Basic Skills a Post Graduate Student must have:-**

Mostly these skills are expected by employers.

1. Problem-solving skills
2. Interpersonal skills
3. Communication skills
4. Integrity & values
5. Result oriented.
6. Domain knowledge expertise [Subject Knowledge]
7. Adaptability
8. Decision making skills
9. Leadership skills
10. Learning skills
11. Team player skills

#### IV. STRATEGIC PATH DEVISED

This is essentially done to prepare our Post graduate students so as to overcome employability issue and achieve the higher conversation ratio in terms of getting jobs.

##### **1) Outbound Training:**

Experiential Learning along with games has been very popular globally and is becoming increasingly popular in India.

Outdoor games engage our physical, emotional and spiritual bodies as well as our minds and offer an opportunity to add an element of fun, exhilaration and adventure to a training program.

Outdoor games change both awareness and behavior by presenting learning opportunities that challenge trainee's assumptions and usual patterns of thought and behavior.

Outdoor games change both awareness and behaviour by presenting learning opportunities that challenge trainee's assumptions and usual patterns of thought and behaviour

This medium of learning has an ability to solve a number of issues that cannot be completely addressed in classroom training situations.

##### **Skills Developed through this training;**

- Teamwork & Team bonding
- Communication & Influencing
- Leadership and strategic thinking
- Analytical - Problem solving & Decision making
- Motivation and Managing Change
- Creativity and Lateral thinking

##### **Outcome: Self assessment and Self Introspection**

##### **2) Conducting trainings for Aptitude Test :**

This training helps students to prepare to crack any test during the recruitment process. In most of the companies this is the first elimination round.

##### **3) Conducting Trainings for GD / PI / Grooming / Personality Development**

**Personality development** is the relatively enduring pattern of thoughts, feelings, and behaviors that distinguish individuals from one another.

**Group discussion** is an important activity in academic, **business** and administrative spheres. It is a systematic and purposeful interactive oral process. Here the exchange of ideas, thoughts and feelings take place through oral **communication**.

The **interview** is a conversation which has a purpose and is directed towards its object by the interviewer. The **interview** is a face-to-face meeting and discussion between two or more people for a specific purpose.

#### **4) Training in Communication Skills:**

Conversation is a natural form of **communication** between people. Great **communication skills** require practice in order to develop an ability to clearly and collectively convey and receive messages to and from others, both verbally and through body language.

## **CONCLUSION**

This study concludes that now a day's employability skills are must by all the Post Graduate students for getting the job. So, these skills are considered by employers include problem solving skills, interpersonal skills, communication skills, Integrated and value, result oriented, domain knowledge expertise, decision making skills, leadership skills, team player skills etc. These skills we can develop through conducting skill development programme, explaining or clearing concepts of domain knowledge, more case studies for students, effective communication lectures with student's initiative to improve their communication, effective summer internship programmes and interaction of industry employers and management institutes etc. One -to -one mentoring Sessions, Industry Immersion Projects.

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# **The Influence of Employee Motivation on Organisational Performance (A Study of Selected Private Sector Companies located in Mumbai District)**

**Ms. Neena Katkar**

HOD Corporate Relations & Placements  
Chetana's Institute of Management & Research, Mumbai

**Mr. Aftab Shaikh**

Assistant Professor  
Chetana's Institute of Management & Research, Bandra East, Mumbai

## **Abstract**

This paper explores the role of Employee Motivation on Organisational Performance. There is a general belief that people have high tendency to be lethargic at work and they are forced to work by their managers and the situation in which they are. Every human has a different ways of getting motivated and charged up but in general it is the surrounding and the people they are working with which helps the human to achieve motivation. Productivity is the term, state or quality to work in more efficient manner and it is motivation amongst the human that helps them to achieve higher efficiency and sustainable growth. Everything is, therefore, interlinked with each other, Motivated Employees in the organisation leads to higher productivity which will lead to sustainable growth and all this will eventually lead to Corporate Governance which is certainly the way ahead.

**Keywords:** Motivation, Organizational Performance, Private Sector, Employees

## **INTRODUCTION**

Human resources are the greatest assets of any businesses. You can increase costs or stop MNCs from entering, but one can't stop the employees from leaving if they are dissatisfied. N R Narayana Murthy, Founder of Infosys Technologies. It signifies the importance of human resources in any industries. Human resources treat them as the most powerful assets and find good reason to work towards their satisfaction. The best companies in the world are those that recognize the worth of their employees and continue to invest in them towards their growth and development.

In today's complicated and changing world, organizations play a critical role in achieving social goals and missions. Organizations of any kind whether

manufacturing or service, regard human beings as an important factor in the quality of the role they play. In other words, organizations over years have come to the understanding that human beings are the most valuable factors at their disposal.

Motivation is seen as one of the most significant factors in issues related to human resources management (HRM) and organizational behaviour management (Latham, 2007). Despite the existence of different and sometimes conflicting views about motivation, its role and importance in management and psychology in general and in the management of human resources and organizational behaviour in particular is undeniable.

Motivation can be encouraged by the employer or reside within the employee. Employees have higher levels of motivation when they perceive that management cares about their welfare, when they are involved in the management process, and when the management labour environment is positive.

If the workers feel they are being treated fairly and with respect, this attitude will develop and guide their performance in a positive direction. To be motivated, they must be excited about and interested in their jobs. Activities that can gain interest on the part of workers include employee participation committees, task force efforts, and training programs, opportunities for outside education, newsletters, contests and congratulatory messages from management.

Therefore, the management must look for solutions and techniques so that it could enhance its employees' motivation. This can be done by rewarding and acknowledging them or through job rotation. Low employee motivation at work may reduce the efficiency and effectiveness in the organization, leading ultimately to the reduced organizational productivity, reduced production, employees' dissatisfaction with the organization, and thus the failure of the business. Therefore, each organization has to adopt the needed policies and strategies to improve the employee motivation (Abbas Zadeh, 1995).

The relationship between motivation and productivity can be summarized as that productivity is directly linked to motivation, and motivation is, in turn, dependent on productivity.

The motivation concept is generally defined as a structure of powers and mechanisms which support to direct human behaviour in a desired manner, or with a more specific context it is described as the all convincing and encouraging actions which help workers fulfil their tasks willingly and to come closer to project objectives.

## **OBJECTIVES**

To study the influence of employee motivation on organisational performance of selected private sector companies located in Mumbai district.

To study the correlation between the incentive system and employees' attitude towards work in your organization

## **LITERATURE REVIEW**

J.Vignesh Shankar (2014) in his study he found Techniques to improve quality of work life include job redesign, career development, flexible work schedules, job security and the like. If any organization properly adopts these techniques, the quality of work life will certainly be improved to the desired levels. He also suggested that employee empowerment, employee compensation, teamwork and management leadership are good predictors of employeesatisfaction.

Oluyinka Solomon and Zohreh B.T. Mehdi (2012), from their study they found that there is an adequate provision of motivation by Cadbury Nigeria Plc and improvement in employee productivity and, a positive correlation between employee productivity. Senior managers in both manufacturing companies whether multinational or domestic companies are however advised to adapt continuousimprovement in motivational programs as a core ingredient for enhanced employee productivity and organizational performance.

Quratul-AinManzoor, (2012), He concluded that rrecognition and empowerment play an vital part in enhancing employee motivation towards organizational tasks. By appreciating the employees for their work done and giving them participation in decision making, internally satisfies them with their job, organization and organizational environment. Thus their enthusiasm and motivation towards achievement of tasks increases.

Naveen Kumar Shukla (2012), in the research he found that recognition and empowerment play avitalrole in enhancing employee motivation towards organizational responsibilities. By appreciating the employees for their work done and giving them participation in decision making, internally satisfies them with their job, organization and organizational environment. So their enthusiasm and motivation towards accomplishment of tasks increases.

## **METHODOLOGY**

The research design is descriptive and the sources of information are primary and secondary both. Reliable and valid primary data obtained from different employees from different private sector companies located in Mumbai district with the help of

questionnaire by employing field survey method and secondary data was collected through the websites, journals, published research papers etc.

The study will be descriptive statistics (frequencies, and percentages) and further tables, and charts etc. will be used for the analysis.

## HYPOTHESIS

Ho: There is no significant relationship between incentive system and employee motivation in selected private sector companies located in Mumbai District.

H1: There is significant relationship between incentive system and employee motivation selected private sector companies located in Mumbai District.

## ANALYSIS AND INTERPRETATION OF DATA

**Table 1: Demographics of respondents from Mumbai**

Category	Respondents	Percentage
<b>Gender</b>		
<input type="checkbox"/> Female	32	21.1
<input type="checkbox"/> Male	120	78.9
<b>Total</b>	<b>152</b>	<b>100%</b>
<b>Age Group</b>		
<input type="checkbox"/> Below 20-30	110	72.4
<input type="checkbox"/> 30-40	36	23.7
<input type="checkbox"/> 40-above	6	3.9
<b>Total</b>	<b>152</b>	<b>100%</b>
<b>Education</b>		
<input type="checkbox"/> Bachelors	10	6.6
<input type="checkbox"/> Post Graduate	138	90.8
<input type="checkbox"/> Others	4	2.6
<b>Total</b>	<b>152</b>	<b>100%</b>
<b>Length of service</b>		
<input type="checkbox"/> 5 years below	116	76.3
<input type="checkbox"/> 5-10 years	20	13.2
<input type="checkbox"/> 11-15 years	10	6.6
<input type="checkbox"/> 16 years-above	6	3.9
<b>Total</b>	<b>152</b>	<b>100%</b>
<b>Marital status</b>		
<input type="checkbox"/> Single	102	67.1
<input type="checkbox"/> Married	50	32.9
<input type="checkbox"/> Others (Widow/Divorced)	0	0.0
<b>Total</b>	<b>152</b>	<b>100%</b>

**Source: Self-administered questionnaire**

**Interpretations:** 78.9% of the respondents are male, which says number of male employees is still much more than the female employees. Majority of the respondents are from the age group below 20-30 years of age with 72.4% with post-graduation as education of 90.8% of respondents. The length of service is less than 5 years for 76.3% of the respondents which shows there are some factors of motivation needed so that employees can be retained for more than 5 years.

**Table 2. Measurement of Motivation Factors**

Sr. No.	Statement	SA (%)	A (%)	UD (%)	D (%)	SD (%)
1	There are numerous factors that you considered while applying for your current job	79 (52)	61 (40.1)	4 (2.6)	8 (5.3)	-
2	Your salary, with regards to the work that you do in your organization is satisfying	14 (9.2)	81 (53.9)	17 (11.2)	34 (22.4)	6 (3.9)
3	Monetary incentives is one of the aspects which your organization uses to reward good performers	40 (26.3)	76 (50)	16 (10.5)	16 (10.5)	4 (2.6)
4	Does your current organization give the 13th month salary to all employees	4 (2.6)	24 (15.8)	44 (28.9)	46 (30.3)	34 (22.4)
5	There is a correlation between the incentive system and employees' attitude towards work in your organization	48 (31.6)	65 (42.8)	18 (11.8)	15 (9.9)	6 (3.9)
6	Your organization's reward system fosters effective relationships across all levels	22 (14.5)	90 (59.2)	16 (10.5)	18 (11.8)	6 (3.9)
7	You can talk of loan facilities/ monetary help of any kind which your organization provides	26 (17.1)	80 (52.6)	30 (19.7)	12 (7.9)	4 (2.6)
8	There is prompt salary payment to all employees in your organization	88 (57.9)	47 (30.9)	12 (7.9)	5 (3.3)	-

**Source: Self-administered questionnaire**

**Interpretation:** 52% of the respondents strongly say that there are various factors affecting their job decisions. While 53.9% agree that the salary received by them justifies the work they do in the organization but only 9.2% strongly agree to this fact. Monetary incentives

still seem to be a popular mode of rewards & recognitions as 50% of the respondents' organizations do the same.

Only 2.6% of the respondents are in the strong agreement of receiving the 13<sup>th</sup> month salary. 42.8% & 31.6% of the respondents agree & strongly agree to it that there is a correlation between incentives and employees' attitude towards work. Organization's reward system fosters effective relationships is agreed by strong number of respondents with 59.2% relatively. The last parameter shows a positive feedback with 57.9% respondents strongly agreeing to the prompt salary payment in the organization.

**Table 3. Measurement of Employee Performance**

Sr. No.	Statement	SA (%)	A (%)	UD (%)	D (%)	SD (%)
1	Your supervisor always praises the quality of your output	44 (28.9)	76 (50)	16 (10.5)	12 (7.9)	4 (2.6)
2	You deliver the required level of output	65 (42.8)	77 (50.7)	10 (6.6)	-	-
3	You are able to perform with little or no supervision	62 (40.8)	71 (46.7)	16 (10.5)	1 (0.7)	2 (1.3)
4	Your appraisal/recognition leads to higher efficiency	73 (48)	59 (38.8)	7 (4.6)	12 (7.9)	01(0.7)
5	Criticism leads to a set-back in your ability to work	19 (12.5)	36 (23.7)	27 (17.8)	62 (40.8)	8 (5.3)
6	With the right tools, materials and compensation you work at the utmost ability.	76 (50)	71 (46.7)	3 (2.0)	2 (1.3)	-

**Source: Self-administered questionnaire**

**Interpretation:** 50% of the respondents agree to the fact of supervisor praising the quality of output. 50.7% of the respondents said they deliver the required level of output while 40.8% strongly agreed to it. Only 1.3% of the respondents said they are not able to perform with little or no supervision. 48% & 50% of the respondents strongly agreed that appraisals lead to higher efficiency & right tools and compensation helps them work to utmost of their ability respectively. All these figures show that appraisals, compensations, rewards & recognitions make a significant impact on employee performance.

### Test of Hypothesis

Having examined the social economic background of the sample population, we shall now proceed to test the hypothesis formulated earlier in the study. This is part of the measure needed to provide empirical support for this study.

## Hypothesis

Ho: There is no significant relationship between incentive system and employee motivation in selected private sector companies located in Mumbai District.

H1: There is significant relationship between incentive system and employee motivation selected private sector companies located in Mumbai District.

To test the above hypothesis, we use the Chi-Square test, the formula is stated below:

$$\chi^2_c = \sum \frac{(O_i - E_i)^2}{E_i}$$

Where O is the observed value, E is the expected value and "i" is the "ith" position in the contingency table.

**Table 4**

Results						
	SA	A	UD	D	SD	Row Totals
X	48 (60.50) [2.58]	65 (62.00) [0.15]	18 (12.50) [2.42]	15 (13.50) [0.17]	6 (3.50) [1.79]	152
Y	73 (60.50) [2.58]	59 (62.00) [0.15]	7 (12.50) [2.42]	12 (13.50) [0.17]	1 (3.50) [1.79]	152
Column Totals	121	124	25	27	7	304 (Grand Total)

The chi-square statistic is 14.2004. The p-value is .006682. The result is significant at  $p < .05$ .

## DECISION:

Because the calculated value of  $\chi^2$  (14.20) exceeds or is greater than the critical value of  $\chi^2$  (9.49), we reject the null hypothesis and accept the alternative, which would state that there is a significant relationship between incentive system and employee motivation selected private sector companies located in Mumbai District.

## CONCLUSION

From the study it can be concluded that there are numerous factors which affect the employees' motivation level and their attitude towards work. The data reflects that there is less number of female employees which indicates females need to be motivated and encouraged more towards getting employed and a boost needs to be given to their employability. Majority of the respondents are from the age group below

20-30 years of age with 72.4% with post-graduation as education of 90.8% of respondents, this indicates that more number of employees are seeking higher level of education. The length of service is less than 5 years for 76.3% of the respondents which shows there are some factors of motivation needed so that employees can be retained for more than 5 years. 52% of the respondents strongly say that there are various factors affecting their job decisions. Only 9.2% strongly agree that the salary received by them justifies the work they do in the organization but to this fact. Organizations need to consider this perception of the employees as salary stands to be the utmost factor of importance for any job undertaken. Monetary incentives still seem to be a popular mode of rewards & recognitions as 50% of the respondents' organizations do the same. Only 2.6% of the respondents are in the strong agreement of receiving the 13<sup>th</sup> month salary. 50% of the respondents agree to the fact of supervisor praising the quality of output. 50.7% of the respondents said they deliver the required level of output while 40.8% strongly agreed to it. A good number of respondents strongly agreed that appraisals lead to higher efficiency & right tools and compensation helps them work to utmost of their ability respectively. All these figures show that appraisals, compensations, rewards & recognitions make a significant impact on employee performance.

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# **Factors Affecting Employee Motivation**

**Dr. Pragya Sharma**

Associate Professor  
Shri Vaishnav Institute of Management

**Ms.Prachi Nikam**

Assistant Professor  
Shri Vaishnav Institute of Management, Indore

**Ms.Khushboo Makwana**

Assistant Professor  
Prestige Institute of Management and Research, Indore

## **Abstract**

The importance of motivation has grown in the 21st century as organizations are focused on increasing productivity and deriving competitive advantage through human resources. Motivation is something that moves the person to action and continues him the cause of action already initiated. Motivation has the role to develop and intensify the desire of every member of the organization to work effectively and efficiently in his position. Employees who are motivated and energized about their jobs carry out their responsibilities to the best of their ability and production numbers increase as a result. The study tries to identify the factors that motivate employees. The key findings of the study were that the motivational factors can be categorized between extrinsic and intrinsic factors. Extrinsic and intrinsic factors are responsible to motivate employees. Extrinsic factors include work environment, salary, fringe benefits among others. Whereas intrinsic factors include achievement, recognition, work itself, responsibility and advancement, employee perception of their jobs among others.

## **INTRODUCTION**

Motivation involves the biological, emotional, social, and cognitive forces that activate behavior. In everyday usage, the term motivation is frequently used to describe why a person does something. Motivation is generally defined as the psychological factors that determine the direction of a person's level of effort, as well as a person's persistence in the face of obstacles. It is a predisposition to behave in a purposeful manner to achieve specific, unmet needs and the will to achieve, and the inner force that drives individuals to accomplish personal organizational goals. It is an inspirational process which impels the members of the team to pull their weight effectively to give their loyalty to the group, to

carry out the tasks properly that they have accepted, and generally to play an effective part in the job that the group has undertaken. There has been a great challenge on the part of managers on determining how exactly they can attain maximum motivation for their employees whom they believe would go a very long way to improve on the organizational performance. Some employees are motivated through feeling a sense of accomplishment and achievement for meeting personal and professional goals. Many workers are self-disciplined and self-motivated. Incentive and rewards have little effect on employees who feel motivated only when they are confident in their abilities and personally identify with their role within the organization. People are a core business lever any successful business enjoys today.

The soft aspects of the workplace, its employee engagement, culture, values, policies, etc. contribute significantly to attracting and retaining the best talent. And this study clearly points to the tremendous upside, which companies that effectively appreciate their employees can enjoy - a higher return on investments, equity and assets. While most employees value appreciation at their workplace they don't seem to get it quite often, only 41% employees feel they are appreciated at their current place of work, the study reveals.

## **REVIEW OF LITERATURE**

Motivation is an interpersonal phenomenon. Jang and Wu (2006) pointed out that "motivation refers to a psychological condition in which an individual is oriented towards and tries to achieve a kind of fulfillment". In psychology and sociology, the concepts of motivation are directed towards emotional and cognitive aspects (Awaritefe, 2003) or internal and external motives (Gnoth, 1997). Internal motives are associated with drives, feelings and instincts whereas external motives involve mental representations such as beliefs or knowledge (Uysal and Yoon 2005). An individual has different need as few are driven by achievement and some by affiliation. If the superior predict and control employees, they may understand that what employee want from their job. For this it is required o understand what really motivate employees without making an assumption (Gurland and Lam, 2008). Determining and understanding the factors that motivate employees is an essential need, since the performance of any organization depends on the availability of a satisfied and motivated workforce.

Kovach (1987) has listed motivational factors in order interesting work, appreciation of work done, and feeling of being in on things; in another study Harpaz (1990) ranked the following motivational factors in order: interesting work, good wages, and job security. Hossain and Hossain (2011) identified factors according to the order of importance- Good wages, training and development, benefits, evaluating performance fairly, overall job security, opportunities for career growth and development, flexible working hour,

recognition, challenging work, reasonableness in work. Accepts mistakes positively, availability of logistics supports.

## **PROCESS OF MOTIVATION**

The motivation process is consisting of three elements: motives, behaviour and goals. A motive is a drive that allows a person to get into an action. Action initiates from motives. Motives are basically responsible for a cognitive process of a person that influences his behaviour in one or more ways. They may be either needs or wants that create a state of unevenness, whether physiologically or psychologically, within a person. Psychologists bifurcated motives into two major labels: primary and secondary motives. Primary motives are also known as biological drives, while secondary motives are also called psychosocial motives and are an umbrella group for stimulus and social drives. Behavior is the action that results from a person's motives. Behavior can also be viewed as a series of activities a person does in order to achieve a goal. Human behaviour can be classified as common or unusual. For instance, it is common for a person to eat when he feels hungry, and it would be unusual for him to go on fasting when he feels hunger.

## **THEORIES OF MOTIVATION**

The theories can never predict behavior with certainty because there are too many variables to take into account. Theories can provide managers the thought to motivate employees in the organization. The two highly remarkable theories of motivation are content theory and process theory that are two theoretical bodies of knowledge applicable to the design of employee or channel partner of motivation programs. Although the content theories of motivation are associated with the work of researchers such as Maslow, Herzberg and McClelland. Content theories are the earliest theories of motivation. Within the work environment they have had the greatest impact on management practice and policy, whilst within academic circles they are the least accepted. Content theories are also called needs theories: they try to identify what our needs are and relate motivation to the fulfilling of these needs. According to Analoui (2000), "the content theories have identified needs, incentives and the work itself as important factors that contribute towards job satisfaction and focus on the inner drivers of human behavior. The content theories cannot entirely explain what motivate or demotivate us. A good indication of how people might behave in various circumstances. Content theories focus on the factors within a person that energize, direct, sustain and stop behavior. They look at the specific *needs* that motivate people. These theories suggest that when people do not get what they believe they need, they try to satisfy these needs. Few things can be understood from the content theories:

- Specific needs can give rise to the desired behavior. These needs should be identified.
- Needs can keep changing based on people's experiences and other factors. It is important to design motivation programs to satisfy the changing needs.
- Performance can be optimized if proper rewards are offered. However, it is important to ensure that the awards we offer are proper.
- Rewards can satisfy individual needs. Identifying these needs will help create an impact through the motivational programs that managers create.

Process theories attempt to explain how behavior is energized, directed, sustained and stopped. The four major process theories include Reinforcement, Expectancy, Equity, and Goal setting. Process theories are concerned with "how" motivation occurs, and what kind of process can influence our motivation. There are four process theories, viz; Reinforcement, expectancy, equity, and goal setting. Reinforcement and goal setting theories viewed as the most helpful in application. Reinforcement theory views human behaviour as determined by its environmental consequences and in goal setting for Locke and Latham (1990) goals are direct attention and action. Expectancy and equity theories have become a part of compensation curricula and are considered in the design of compensation plans. Expectancy and equity theories have not been as thoroughly researched as reinforcement and goal setting theories.

## **EXTRINSIC VS. INTRINSIC MOTIVATION**

Extrinsic factors are sources of need satisfaction that are associated with tangible rewards such as pay, working conditions, physical surroundings, job security promotion and interpersonal relations and such tangible rewards cannot be determined by the individual but rather at the organizational level. As according to (Kalimullah *et al*, 2010) the effects of work, as well as its contributing factors are also of importance for the need satisfaction. As a result, work is seen as a means to pursue other motives. Intrinsic factors are sources of need satisfaction, that derive from the individuals relation to the job itself and it involves job factors which reward the needs of the individual to reach his aspirations and an example are achievement, recognition, responsibility, advancement (Maund, 2001). Herzberg (1959) developed a two factor theory: intrinsic and extrinsic factors. Intrinsic motivational factors such as challenging work, recognition and responsibility. Hygiene factors are extrinsic motivational factors such as status, job security and salary. Herzberg, Mausner and Snyderman (1959) redefined Maslow's (1943) Hierarchy of Needs into their two categories named: hygienes and motivators. This is one of the first attempts to make up the difference between intrinsic and extrinsic motivation (Staw, 1976). And they emphasized that satisfaction and dissatisfaction cannot be treated as opposites from each other (Salancik and Pfeffer, 1977). It can even be stated, according to Furnham, Forde and

Ferrari (1998) that the motivator needs of Herzberg are very similar to the higher-order needs in Maslow's Theory of Needs.

## **EMPLOYEE MOTIVATION AND PERFORMANCE**

Employee motivation is very crucial concept affected by multiplicity of factors. It is the matter of motivation as personal as inherent in employees. The organizations should acknowledge the impact of the employee motivation on such organizational aspects as productivity and performance, employee absenteeism levels, employee turnover rates as well as employee stress levels. It should appreciate the impact of the employee motivation on the long and the short-term organizational goals and objectives. For the personal growth for the employees among other practices that can positively influence the intrinsic factors and facilitate the establishment of high levels of employee motivation.

## **CONCLUSION**

Motivation is a multifaceted concept and can help or harm an organization depending on how it is used within an organization. Managers are supposed to identify the need and desire of the employees so that the recognition can be extremely useful. Researchers have gone through the rigorous research work to identify the factors that affect employee motivation in the organization. It must be considered that every person is different and any single theory cannot describe all people's approach towards motivation. The key findings of the study were that the extrinsic and intrinsic factors are responsible to motivate employees. Extrinsic factors include work environment, salary, fringe benefits among others. These factors encourage employees for achieving set goals by performing efficiently and effectively. Whereas intrinsic factors include achievement, recognition, work itself, responsibility and advancement, employee perception of their jobs among others.

It is understandable the managers have a full time job and do not have much down time to be spending on rewards, but it also gives them the opportunity to understand their employees and connect with them on a personal level. Managers are not the only ones who can recognize others in the workplace. Employees can recognize each other as well. It has been proven to that one can not directly motivate someone else, but they can give them the tools they need to motivate themselves. Managers are the resources for employees and they should make sure that their work environment is pleas

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# Crypto currency - A Paradigm Shift in Investment

**Aditya Goradia**

Student, DSIMS

**Dr. Sarita Vichore**

Associate Dean, DSIMS

## Abstract

Crypto currency is a clone resources design to work as a medium of interchange that uses cryptanalysis to protect its deals, and likewise to manage the formulation of additional group, and similarly to validate the transfer of assets. Crypto currencies is also a confidential subset of digital currency together with a subdivision of an alternative currencies & virtual currencies. Bitcoin is digital code which is hidden in "data blocks" and it can be mined by solving the data blocks. It's a decentralized system. The research mainly aims at performance of top crypto currency in Virtual Market traded during the decade. Bitcoin's Exchange in India is a very dynamic and shown great performance potential in a very short period of time. The transactions are from miniature range that is from basic trading floor to comprehensive service provider. The introduction of Fiat Money has changed the outlook of investments. The paper tries to investigate the investment pattern in Crypto currency and makes an attempt to answer the question as to why there is a shift in investment from other investment avenues that is the Indian Stock Exchange like BSE and NSE into the crypto currency market during last three years.

**Keywords:** Bitcoin's, Mining, ICO (Initial Coin Offering), Fiat Money

## INTRODUCTION

A Decade ago, Bitcoin was designed and developed by the programmer (guru) working under the Japanese alias that was called Satoshi Nakamoto. The Bitcoin has many various conditions such as having a complicated instruments, low or inexistent transaction fees and academic clarity. Hence, Bitcoin is a potential substitute coins to the common endorsement currencies like the Euro, US Dollar, Sterling Pounds or Japanese Yen. However, simultaneously with the growing interest of Bitcoin in recent years, Bitcoin's system is known as a promising climate for money laundering and unauthorized activities. It is also the destination for hackers who have the intention to violation possible Bitcoin owners.

The amount of Bitcoin is decisive to entirely base on requirement and stock. The quantity of Bitcoin is built by using computer system in order to tackle the numerical concern. Bitcoin does not detach any types of involvement in any of the administrative frame such as clearinghouses, financial institutions or responsible central banks in markets. Therefore, many users suggest the dissolution Bitcoin over common currencies because the quantity of Bitcoin is entirely self-reliant of banking approach.

This timestamp, that is distributed on a “peer-to-peer” network, in addition with the confirmation of work, that has to be successfully completed whenever a section shall be finalized will delay manipulations on the set, for example a double-spend attack. Around each ten minutes, transactions on the network timestamp will be recorded from the previous section in order to create a new section.

In addition, the miner also is rewarded with the transaction fees. Users initiating a payment can set the value of the transaction fee and can therefore indirectly influence the processing time of their payment as miners are likely to mostly pick deal with an above fee.

### **Working Mechanism**

Crypto currency has Two Ways to earn or get are as follows: -

#### **1) Mining.**

Mining refer to those which are hidden in various data blocks, and can be extracted by applying the various complex algorithms. This is known as Mining. The whole target of mining is to carry out three things:

- Provide recorded services to the coin network. Mining is actually 24\*7 computer bookkeeping called as a verifying businesses.
- Get small paid benefits for your bookkeeping services by receiving chunk of coins every duo of days.
- Keep your personal costs down, including electricity and appliances.

#### **2) INITIAL COIN OFFERING (ICO) or Exchanges (Swap)**

An Initial Coin Offering is used by startups companies or corporation to neglect the precise and managed by central-promote activity required by venture capitalists or depository.

In an ICO movement, a ratio of the crypto currency is sold to early patron of the project in transaction for Valid Tender or other crypto currencies, but generally for bit coin's. ICO are similar to IPO and Crowd funding.

Like IPOs, there is a very thin level for the startup or companies that are gone to raise money for the entity's enterprise during an ICO deal. However, while IPOs compensation with investors; ICOs majorly deal with angel investors that are active to invest in a new project much like a crowd funding thing. But ICOs alter from crowd funding in that the leader of the former are motivated by an expected entry in their financing, while the funds lifted in the latter shift are basically contributions. For these reasons, ICOs are introducing known as crowd sales.

Fashion on the Initial Public Offers or IPOs for the starting point of new shares in the establish stock exchange, some entities are going to resort the ICOs to heightened funds from investors, including HNIs and other individuals, who are getting hook into claims of tremendous rebound from Bitcoin's and other such modification -- apparently getting issue in the digital nature but also touching the real world including as marriage contribution.

Casting an ICO (Initial Coin Offerings) has become a much simple proposition today with improvements in classic code and services that let you to issue tokens even without deep coding intelligence.

What does it took to bring in syncwith an ICO and whitepaper? The "whitepaper" lays out a plan on how the user will establish the business and exit the project. All whitepapers should have three major Factors. The first one is the technology model being used. The second one is the business standard and the third representative will be the community standard. These are the major Factors for ICO.

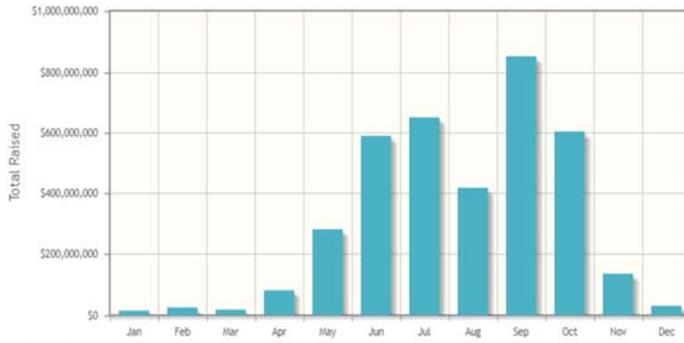
Sometimes ICOs have failed because of the lack of community support. "Currently, there is a giant passion in ICOs zone by the venture capital players, some of them are getting funded by a couple of dozen investors and the company is unknown."

This movement has led to some saying that the Securities and Exchange Board of India (SEBI), which monitor central markets, should monitor this present uncontrollable area, but others suggest that the pragmatic cash should ideally be under the RBI controlled as they are premium gear.

If a person does not know mining of Bitcoin's he can directly exchange the Bitcoin from someone who already has Bitcoin is known as an exchange.

There are some ICO statistics are as follows:-

## Cryptocurrency ICO Stats 2017



**Total: \$3,700,682,293**

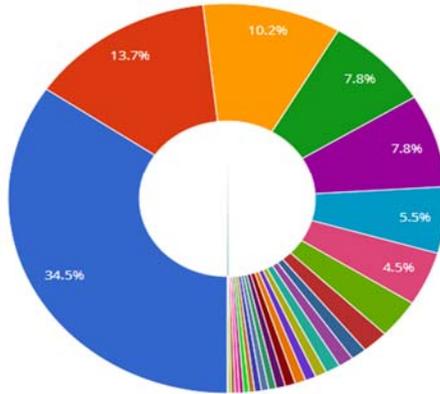
Total Number of ICOs: 235

### Top Ten ICOs of 2017

Position	Project	Total Raised
1	Filecoin	\$257,000,000
2	Tezos	\$232,319,985
3	EOS Stage 1	\$185,000,000
4	Paragon	\$183,157,275
5	Bancor	\$153,000,000
6	Kin Kik	\$97,041,936
7	Status	\$90,000,000
8	TenX	\$64,000,000
9	MobileGO	\$53,069,235
10	KyberNetwork	\$48,000,000

Totals raised are grouped by the ICO closing date and are valued using BTC exchange rate at that time. Data correct on 16th October 2017 14:00 UTC

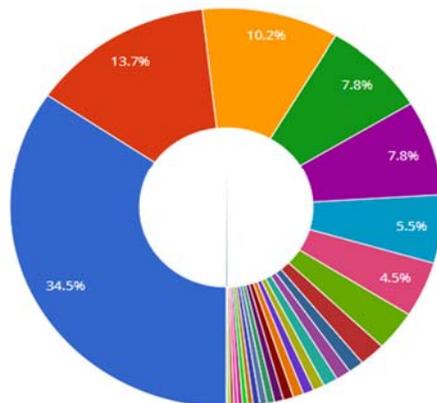
## ICOs by Category 2017



- Infrastructure 34.5% (\$1,269,016,979.8)
- Trading & Investing 13.7% (\$503,017,590.32)
- Finance 10.2% (\$375,729,821.3)
- Payments 7.8% (\$286,809,236.36)
- Data Storage 7.8% (\$286,222,856)
- Drugs & Healthcare 5.5% (\$202,526,054.4)
- Gaming & VR 4.5% (\$164,506,063.9)
- Gambling & Betting 3.2% (\$118,225,095.92)
- Commerce & Advertising 1.9% (\$71,224,709)
- Identity & Reputation 1.2% (\$42,359,520)
- Art & Music 1.1% (\$40,691,545)
- Real Estate 1.1% (\$40,132,362)
- Events & Entertainment 0.9% (\$31,302,122.5)
- Legal 0.8% (\$29,368,234)
- Energy & Utilities 0.8% (\$28,866,928)
- Social Network 0.8% (\$28,158,853.52)
- Communications 0.7% (\$24,732,744)
- Mining 0.6% (\$20,647,239)

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## ICOs by Category 2017



- Privacy & Security 0.5% (\$19,710,000)
- Content Management 0.5% (\$18,166,932.33)
- Machine Learning & AI 0.4% (\$15,021,695)
- Recruitment 0.4% (\$14,473,034.6)
- Commodities 0.3% (\$11,602,632)
- Transport 0.3% (\$11,529,000)
- Provenance & Notary 0.3% (\$10,000,000)
- Travel & Tourism 0.2% (\$7,946,886)
- Data Analytics 0.1% (\$2,037,218)
- Supply & Logistics 0.0% (\$851,295)
- Governance 0.0% (\$258,645)

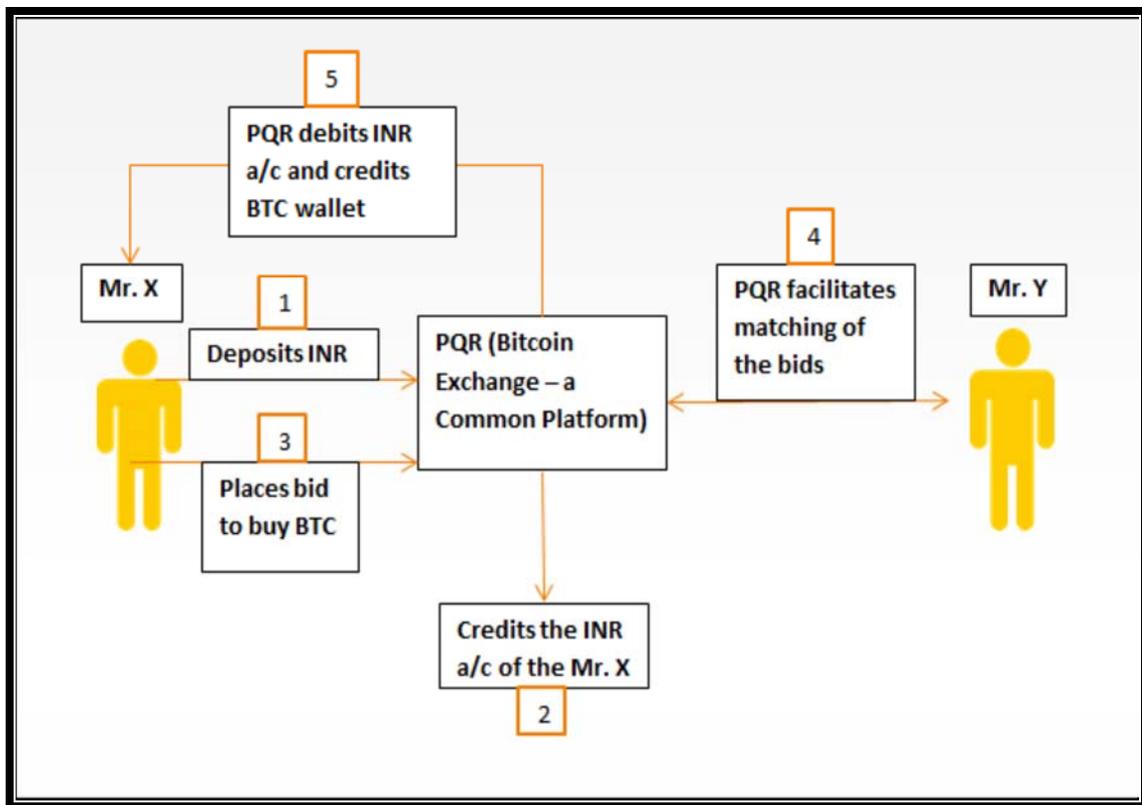
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## How does Bitcoin function?

Bitcoin's are ultimately basic coins designed to be "self-governing" or "autonomous" for their value with no need of banks accounts and no need to store more. Once Bitcoin's are transfer, they will be behaving in real halcyon coins. This can be used to capital gain and also there confidence values can be increased over the years.

Bitcoin's are traded from one billfold to another. An e-wallet is a short database that can be hoard in computer, slick contact or even in cloud form.

For occasion, take a concept of a stock exchange, where a customer has an account and he buys stock, by paying thought in salary, from a person who wants to sell it. Stock exchanges provide a town for buyers and sellers where they can deal. On similar lines, a Bitcoin exchange works by actually providing 'service' to its end -users, however unlike stock trading where a merchant may as well come into figure and charge in return for his benefits, in wallet of Bitcoin exchanges, there is no third feast involvement, this function is given by the network itself which thereby charges normal commission rate for the market conducts and earns yield.



A basic business standard of a Bitcoin exchange above:-

## Major exchanges performing in India

India has been seen a clear-cut growth in the crypto currency market facing other countries markets. In line with recent conclusive in the international markets, a Bitcoin exchange in India is very much performing and outstanding. Their business standard space starts from the basic trading floor to global service provider.

Listed below are some of these exchanges that have made it big in the industry:  
List of major exchanges in India

Name	Year Estd.	Crypto currency
Zebpay	2015	Bitcoin.
Uno coin	2013	Bitcoin.
Coin secure	2014	Bitcoin.
Bitxoxo	2016	Bitcoin, BitcoinCash, Ripple, Ethereum.
BtcxIndia	2013	Bitcoin, Ripple, Ethereum.
BuyUcoin	2016	Bitcoin, BitcoinCash, Ripple, Ethereum, Dash, Litecoin, Zcash etc.
THROUGHBIT	2016	Bitcoin, Falcom, Ethereum, Stellar.
Flit pay	2017	Bitcoin.
COINDELTA	2017	Bitcoin, Ripple,Litecoin, Omisego.
Belfries	2014	Bitcoin.
Coin switch	2017	Bitcoin, BitcoinCash, Ripple, Ethereum, Dash, IOTA, Lite Coin, NEO & More
PocketsBits.in	2016	Bitcoin, Ethereum.
COINOME	2017	Bitcoin, BitcoinCash.
Redipay	2017	Bitcoin, Lite coin, Doge coin, Ethereum.
Koinex	2017	Bitcoin, Lite coin, Ethereum, Ripple and Bitcoin Cash

The above is the major crypto currency exchange in India. As on year 2018 Bitcoin trends are major in India and its market cap is around Rs 13.45 Lakhs Crore. That means the market cap of the Bitcoin is higher than any of the Indian companies listed in any stock exchange in a country. The Ethereum is the most second most valued crypto currency where market cap is just similar with Four Largest Indian Companies Like Reliance, TCS, HDFC Bank & ITC. There are more than 1100 crypto currency that are traded in Asian Markets. India stands Second and Fastest growth in this crypto currency markets. There is some crypto currency that contains the Market Cap, Volume, Price, and Change in % days etc.

**Why there is a shift in investment from the Indian Stock exchange like Sensex into Crypto currency market.**

MARKET CAP IN INR (Crores.)				
	2014	2015	2016	2017
<b>Bitcoin's</b>	90524506.2	6491952.4	126136154	392760606
<b>Sensex (BSE)</b>	6367723.79	8887081.32	8221592.92	10176618
	Return in Bitcoin.	-93%	1843%	211%
	Return in Sensex.	40%	-7%	24%

According to above data shows there is a last Three year performance in Bitcoin's and Indian Stock Exchange (Sensex). In last three year performance Bitcoin's deliver the returns approx.2000% and equity markets deliver approx. 60%. In India, Most crypto currency exchange used the Bitcoin as the major and fastest mode of transaction rather than the other crypto currency like Ethereum, ripple, and so on. Hence there is certain reason where investor invests in Crypto currency and challenges can be future.

**There is certain reason where investor invests in Crypto currency is as follows:-**

**Volatility is positive for Bitcoin.**

In general, legislative anxiety is not good for the stock market -- whose value is tied to permanent companies that depend on government services, solid financial association, and dependable workforce and so on. However, Bitcoin is good for crises, which is strong to political controversy because it is not a government-favored currency. There's data that recent turmoil in Asian markets that contribute more to the Bitcoin price growth. If consumer thinks the ultimate holds gives more uncertainty for governments and traditional banks, you might found Bitcoin to be a fascinating finance.

**It's straightforward.**

Investing in Bitcoin in the ambition of taking edge of future price inflation is as simple as buying Bitcoin on an online exchange. Bitcoin agreements are subject to few regulatory oversights, which make enterprise fast and commotion-freebie.

**It's economical in Nature.**

Bitcoin exchange fees are token -- generally on the order of 0.2% of the amounts of a transaction. By comparison, Indian banks mostly charge about 3% in fees when we use a credit card to purchase article in foreign currency. If you want to contemplate on currency, Bitcoin offers a cost-energetic way to do it.

## **Scatter Scheme.**

Overall web chain uses block chain technology to jointly maintain the database that transcript Bitcoin activity. That is, Bitcoin is maintaining by its own network, and not any one central government. Dissolution means the open network act on an end user-to-end user basis. This model makes a lot of combination that will make throughout feasible in nature.

## **No third party confusion.**

As Bitcoin's can be interchanged through the buyers side and sellers side and thus there is no need of the third party like (mediator). You can keep it in your e-wallet and use it as per yours demand is likely to be concern. There is no third party involved like a bank on whom that you can trust.

## **There are certain threats of crypto currency are as follows:-**

### **Power Drainer**

Data drilling requires tremendous amounts of power to break. Many tech site says that Motherboard invest a lot of energy cost in a single Bitcoin activity at 215 kW per hours assuming around 30, 00,000 Bitcoin's action per day. That's almost suitable energy as per the average Indian ordinary consumes in a weeks.

### **Possible Government Interference**

Any time something new comes around & challenges the status quo, the government is going to get involved and will make sure that things stand the same course they are assumed to be. The case is that the Indian ministry and other government's institutions like RBI, SEBI etc. are looking into Bitcoin for a variety of reasons and henceforth there will be more compliance towards crypto currency is likely to come in the near future.

### **No Financial dominance**

Perhaps, the biggest instability of Bitcoin is that it is not an accepted dominance currency; it is not approved by any governing body that can be so much confidence. While this could be seen as vigor, the fact that Bitcoin is a fiat currency which is authorized only on the anticipated appraisal of other Bitcoin user's makes it highly exposed to diminish. If easily focus, According to one day a huge number of operator who welcome Bitcoin as a form of payment pause doing so, then only the value of Bitcoin will fall drastically.

The ongoing value of Bitcoin is an action based on both the parallel dearth of Bitcoin's themselves and its reputation as a medium of investment and wealth formation. If the

levels of determination in the Bitcoin market are suddenly faltered and drastically reduced then only the market will behave in bear condition.

For an occasion, if an Indian ministry stated that Bitcoin will be collegial, or one of the largest Bitcoin exchanges was chocked out and lost all of its stored data the rate of the currency will absolute crash and investors will lose a huge chunk of wealth.

No other country has been announced yet, that Bitcoin can be a recognized currency, but commitment with Bitcoin and other crypto currencies differ from area to area. Some countries are also inspecting that Bitcoin is an growing assets market, some viewers take the same viewpoint as the US countries declaring them as an assets, and some have explicitly taboo that will use for removal of goods and services (though that means of invoke those taboo are narrow in nature).

### **Lack of Safety**

The Bitcoin network has no built-in safety instruments when it can come to random debt or theft. For instance, if you squander the hard drive where Bitcoin e-wallet file is stored, the Bitcoin's held in that e-wallet are lost forever to the entire recession. Interestingly, there is an aspect which further inflames the defined supply of Bitcoin's.

Additionally, if an e-wallet file is hijacked or compromised by the crook before the rightful holder who holds the Bitcoin ownership will be spend before the actual time took place, the double safety consumer tools which wants to build into the network means that the rightful holder has no remedy. Unlike if, a credit card or the debit card is stolen, we can call the bank and cancel the card transaction with the pin number, but Bitcoin has no such legal authority to block the card. The Bitcoin network is always familiar with the Bitcoin's in the negotiate with e-wallet files which are valid and processes them accordingly.

Bitcoin markets are exposed to attack or graft. Major crypto currency exchanges like GBH and Cryptsy have been seal with all the Bitcoin entrusted to their care seemingly poached by the operators. The Japan-based Mt. Gox, regularly the assistant of over halved the Bitcoin transactions at the world level, was hatred after a crooked of hundreds of thousands of Bitcoin's. The year 2014 case induces a huge but interim drop in the rate of Bitcoin worldwide.

### **Limited Coincident Activity**

The Bitcoin structure requires a lot of contact and consent from the peer-to-peer network to be seen. Because each block chains contains a limited record of activity and an upper cap to the amount of new activity that can be recorded, there's a limit has been pre-define where people can buy and sell a certain lots with in the system at any given time. As more and more broker and individuals used Bitcoin to do business, the number of activity per second increases, and the peer-to-peer chain is becoming congested, where with some movement

there are no transaction fees contagious hours to clear. Whereas conventional payment systems like credit cards can simply bolster their connections and refine power to pace up the processing, the hidden peer-to-peer nature of Bitcoin doesn't allow it to ratio with the overall financial structure.

### **Black Market (Grey Markets) proposal**

A central paramount view to layout the Bitcoin scheme is that there is no single activity handling force. As per conclusion, there is no sole user that can be sealed out from the system. Incorporate with this there is inherent anomic number of activity, and that have an optimum mean of swap for horrible purposes. Bitcoin has become a classical means for industry in unauthorized goods and services.

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# **Performance Feedback as a Tool for Sustainable Employee Performance**

**Ms. Kusum Pawar**

Assistant Professor, DSIMS

**Ms Pooja Goswami**

Associate Faculty, DSIMS

## **Abstract**

Performance feedback enables the supervisors and managers to keep their subordinates informed about the performance and helps in management of work-related activities. It also helps the subordinates to reflect on their achievements and areas of improvement for planning future course of action. In this sense; it is a continuous and ongoing process between managers and subordinates. Positive feedback can appreciate and enhance superior performance and constructive feedback can correct poor performance. Both types of feedback should always be tied to the performance standards. As a manager it is important to focus on facts; but a more critical aspect is to have a one-to-one conversation around the facts to address performance deficiencies and support performance enablers. This constant exchange of information acts as calibration tool to compare performance exhibited against the performance expected.

This paper through the conceptual framework aims to discover how performance feedback reinforces desired behavior and performance outcomes. Through this study we have explored how feedback affects performance and impact of feedback on role clarification, self-efficacy, behavioral reward contingencies, and self-regulatory control processes. This study identifies various types of performance feedback mechanisms and employees reaction- response to feedback. This study also identifies the challenges and issues faced by managers in sharing effective performance feedback. In today's volatile and dynamic business environment, there is constant shift in the competencies required to perform effectively. Organizations, therefore, have to continuously use effective feedback as a mechanism to ensure sustainable performance for the growth of the organization. New trends like, gamification, real-time performance feedback, performance based pay, HR analytics, help managers focus on their true role - helping employees achieve their maximum potential.

**Keywords:** Performance Feedback, Real-time Feedback, Motivational Feedback, Constructive feedback, AID model of Feedback, Reaction- response to feedback

## OBJECTIVES

- ✓ To understand how performance feedback reinforces organizationally desired behavior and performance outcomes for driving sustainable employee performance.
- ✓ To understand various types of performance feedback mechanisms and employees reaction- response to feedback.
- ✓ To identify the challenges and issues faced by supervisors and managers in sharing effective performance feedback.
- ✓ To identify the best practices and latest trends in performance feedback mechanism.

## LITERATURE REVIEW

Although criticism is as old as language, if not older, feedback is a newer phenomenon. In the late 1800s it was used in engineering to describe the process by which the output from a system looped back into the system: Positive feedback fed the process; negative feedback damped it.

The use of performance feedback is so widely accepted in the field of OBM that its prevalence and implementation has been the topic of a number of literature reviews (Alvero, Bucklin, & Austin, 2001; Balcazar, Shupert, Daniels, Mawhinney, & Hopkins, 1989; Nolan et al., 1999). In a study of research articles published in the Journal of Organizational Behavior Management over a 10-year period, Nolan et al. (1999) reported that in 71% of the articles performance feedback was used in some form, increasing 21% from a review performed 10 years prior (Balcazar et al., 1989). Performance feedback has, in fact, been successfully implemented through multiple mediums, using a variety of contingencies and across numerous organizational settings (Alvero et al., 2001).

In the review conducted by Balcazar et al. (1989), one of the most significant findings was that the addition of rewards and/or goal setting to performance feedback increased its effectiveness. In a more recent review, feedback plus goal setting was found to be the most consistently effective (Alvero et al., 2001). Furthermore, private feedback was shown to be more consistently effective than public feedback. The most commonly used frequency for feedback was weekly and was shown to be effective 52% of the time. The supervisor was identified as the most common source of performance feedback.

Williams, Di Vittorio, and Hausherr (2003) reported on the impact of service providers' self-recording of client outcome data and nonjudgmental feedback during meetings with supervisors. The results showed that correct documentation of scheduled program implementation increased substantially. They then evaluated a combination of this feedback with the introduction of a direct contact level decision making procedure and its effects on program implementation. One could assume that similar methods would be

useful with our service provider who, instead of quitting, could demonstrate the same improvements in performance.

Reinforcement is certainly the key to behavior change. Reinforcement can be delivered through incentives, verbal praise, and other methods. When a bank employees' pay became contingent on performance, the performance increased, and there was also a significant decrease in turnover (Dierks & McNally, 1987). Haynes, Pine, and Fitch (1982) showed that the combination of feedback, team competition, and rewards decreased the rate, severity, and costs of accidents among urban transit drivers. Bateman and Ludwig (2003) used goal setting, feedback, and an adapted incentive program to improve performance in a food distribution company and found significant decreases in error-causing behaviors. In their adaptation, the disincentive levied for errors could be avoided if the goal was reached. Miller, Carlson, and Sigurdsson (2014) used a lottery-based incentive to increase the fidelity of discrete trial training procedures. Dickinson and her colleagues have conducted full reviews on the operations of incentives in OBM (Bucklin, McGee, & Dickinson, 2003; Frisch & Dickinson, 1990; Honeywell-Johnson & Dickinson, 1999).

Schedules of reinforcement have also been widely researched in OBM as they apply to the complex climate of concurrent schedules present in the real world (Latham & Huber, 1991). Behavioral economists have noted the strength of different schedules in consumer behavior (Nicholson & Xiao, 2010). When OBM seeks to help in homeland security, its researchers turn to reinforcement schedules (Hogan, Bell, & Olson, 2009). The reinforcement of alternate activities, specifically the differential reinforcement of other behaviors (DRO; Myerson & Hale, 1984), is particularly effective.

A Gallup survey found that 67% of employees whose managers focused on their strengths were fully engaged in their work, as compared to only 31% of employees whose managers focused on their weaknesses. IBM's Work Trends survey of over 19,000 workers in 26 countries, across industries and thousands of organizations, revealed that the engagement level of employees who receive recognition is almost three times higher than the engagement level of those who do not. The same survey showed that employees who receive recognition are also far less likely to quit. Recognition has been shown to increase happiness at work in general and is tied to cultural and business results, such as job satisfaction and retention.

A 2014 assessment of employee attitudes towards "positive" and "corrective" feedback by Zenger/Folkman revealed that 57% of respondents preferred receiving corrective to positive feedback. When given properly, 92% believed "negative" feedback was effective in improving performance. Interestingly, those who favored constructive feedback also rated their managers highest for being honest and straightforward in their reviews.

1. (George Kettner - *govtloop.com* August 16, 2017) in the article “*4 reasons why giving and receiving performance feedback is important*” dwells on the importance of performance feedback for government employees. The article further elaborates how effective performance feedback will improve performance, increase motivation & employee engagement and act as a tool for career development for the employees in public sector. The other benefits of a well-defined and continuous feedback mechanism as specified in the article are two-way communication, effective individual employee development plan (IEDP), accurate employee documentation, skill-enhancement, better defined career goals and employee & agency growth.

2. (Avraham N. Kluger and Angelo DeNisi, 1996) in their research paper “*The Effects of Feedback Interventions on Performance: A Historical Review, a Meta-Analysis, and a Preliminary Feedback Intervention Theory*” have studied impact of Feedback interventions on performance. A meta-analysis (607 effect sizes; 23,663 observations) suggests that FIs improved performance on average ( $d = .41$ ) but that over 1/3 of the FIs decreased performance. The authors proposed a preliminary FI theory (FIT) and tested it with moderator analyses. The central assumption of FIT (FI Theory) is that FIs change the locus of attention among 3 general and hierarchically organized levels of control: task learning, task motivation, and meta-tasks (including self-related) processes. The results suggest that FI effectiveness decreases as attention moves up the hierarchy closer to the self and away from the task. These findings are further moderated by task characteristics that are still poorly understood.

The identification of a number of moderators suggests that in certain situations, FI can yield a large and positive effect on performance. Specifically, an FI provided for a familiar task, containing cues that support learning, attracting attention to feedback-standard discrepancies at the task level (velocity FI and goal setting), and is void of cues to the meta task level (e.g., cues that direct attention to the self) is likely to yield impressive gains in performance, possibly exceeding SD. However, even such an FI is not always an efficient intervention.

3. (Jean-François Manzoni - *HBR*, September 2002) in the article “*A Better Way to Deliver Bad News*” focus on how the managers should frame issues in their minds for delivering effective constructive feedback. Creating a narrow frame of reference will impede the process of constructive feedback taken positively by the subordinate. Each failed attempt at delivering constructive feedback will make the managers sugar coat their message to a great extent, thereby, diluting the essence of the message, this is the danger of easing in. If further attributes the reasons for this “restrictive framing” of feedback to fundamental attribution error, demanding operating conditions, ignorance of situational forces, tight deadlines and workload for managers and binary framing of message. The other concern is that managers don’t do all this deliberately but at a more unconscious level and are

many a times not even aware of the perceptual errors committed. *False consensus effect* also plays along.

The solution is to reframe the messages in the mind before delivering constructive feedback. Managers need to systematically diagnose the causes of their subordinates' performance issues. Managers also need to create a broader frame of reference before initiating the feedback dialogue. What the managers have to keep in mind is that constructive feedback doesn't have to be a source of stress for them, demotivating for their subordinates, detrimental for the professional relationship. Managers can reap higher benefits and drive performance improvements by adopting a broad and flexible approach.

**4. (Amy Gallo - HBR, December 2009)** in the article "*Giving a High Performer Productive Feedback*" explains and elaborates the challenges associated with giving constructive feedback to a high-performer. The constructive feedback may be perceived by high-performers as over-demanding and unacceptable. The developmental needs of star performers are very different from the average performers. However, the basics of feedback should not be fiddled with and good feedback practices should be followed for all employees irrespective of their performance status. Managers should gather enough data and evidences to support the feedback and focus on behavior and not traits. The article further dwells on how special care should be taken while delivering constructive feedback to star performers. The author also emphasizes the need for the managers to clearly express appreciation and gratitude for high performer's efforts, establish orientation towards next performance frontier, focus on long-term career goals and aspiration and maintain high frequency of feedback conversations.

**5. (Scott Berinato - HBR, January-February 2018)** in the article "*Negative Feedback Rarely Leads to Improvement*" recorded the results and findings of a field study conducted by Paul Green (a doctoral candidate at Harvard Business School) and two colleagues. The article is in the form of an interview transcript of Paul Green's interview conducted by Scott Berinato.

The article highlights concepts like "shopping for confirmation" i.e., when critical appraisals from colleagues drive employees to adjust their roles to be around people who would give them more positive reviews. In a lab study, subjects who got negative feedback from a partner were more likely to ask for a new partner. Another outcome of the research was the revelation that individuals construct a surrounding group (Echo Chamber) that acts a shield to protect them from critical input or constructive feedback. The researchers also identified that when individuals receive "disconfirming feedback", a critical input to performance, they tend to exhibit behavioral consequences of lethargy, anxiety and depression.

The conclusion is negative feedback is considered a threat and will rarely lead to improvement.

We need to start by creating confirming environment and relationships that will create a broader affirmation and establish more trust by eliminating the threat of social confirmations and affirmations.

6. (Jennifer Porter- HBR, October 27, 2017) in the article *"How to Give Feedback People Can Actually Use"* enunciates the characteristics of effective and insightful feedback. The feedback should be aligned to the organizational goals, draw attention to the big picture, specific and behavior based, factual and not interpretative, a combination of positive and negative, focus on patterns to eliminate recency bias, linked to business impact and highlight priority. The article establishes that feedback should be well-constructed and thought through for driving performance improvements.

7. (Spencer Harrison - HBR, November 13, 2017) in the article *"How to Give and Receive Feedback About Creative Work"* elucidates that giving feedback tricky, and it's even trickier for creative work. But asking for feedback out of curiosity and providing feedback based on subjectivity can improve both the process and the outcomes.

8. (David Burkus- HBR, July 20, 2017) in the article *"How Adobe Structures Feedback Conversations"* explains how Adobe has developed informal check-in conversations by ditching performance appraisals. For Adobe a good check-in centers around three elements of discussion: expectations, feedback, and growth and development. When each of these areas has been discussed, then managers and subordinates know they've had a meaningful conversation. The article also cites research conducted by Teresa Amabile (HBS) and Steve Kramer through a multi-year tracking study in which hundreds of knowledge workers were asked to keep a daily diary of activities, emotions, and motivation levels.

When they analyzed the results, the pair found that progress was the most important motivator across the board." To conclude the feedback should be forward looking with insights drawn from past behavior. The secret is to hold more meaningful and frequent performance based conversations.

9. (Christine Porath - HBR, October 25, 2016) in the article *"Give Your Team More-Effective Positive Feedback"* touched upon importance of feedback for creating high performance work teams. The author suggests delivering personalized feedback to the team members based on their strengths and development areas. The author also emphasizes the importance of focusing on the non-verbal cues like body language, facial expression and tone of voice during feedback intervention. There also should be congruence between the intent and impact of feedback. The managers can improve their feedback skill by: asking other on how effective they are in giving feedback, working with a coach and using colleagues and friends as coaches.

**10. (Shelley Correll and Caroline Simard - HBR, April 29, 2016)** in their article "*Vague Feedback Is Holding Women Back*" share the insights they have drawn through analysis of performance evaluations of men and women across three high-tech companies and a professional services firm. The study found that women in these firms consistently received less feedback as compared to their male counterparts. Most of the times when the feedback was given it was not tied to business outcomes.

The feedback was so vague that it only specified that women have done a good job ignoring the performance and competency aspects that made them achieve positive performance results.

The study also revealed a correlation between vague feedback and lower performance ratings in women employees but not men. Very clearly vague feedback holds women down.

Further into the study deeper analysis of over 200 performance reviews was done in a large technology firm. "This study showed that reviews for women had vague praise more often than reviews for men (57% and 43%, respectively). Comments such as "You had a great year" populated many women's reviews. In contrast, their analysis found that developmental feedback for men was more likely to be linked to business outcomes (60% for men versus 40% for women)."

According to this article the various reasons for vague feedback to women are unconscious bias, stereotyping, aversion to connecting women's achievements to business outcomes, over-focus on communication style during feedback to women and protective hesitation of male supervisors when giving feedback to women subordinates.

Companies like Microsoft, in their signature program called "Step Up", implemented annual leadership development with strong focus on clear feedback aimed at actionable. This is an inclusive program which doesn't discriminate between men and women. In fact six women out of the total 17 women participants of the first batch have been promoted to a leadership role.

**11. (Dr Lauritz Brännström)** in the paper "*Promoting the use of feedback as a means of student and staff learning*" presented at the ECER Conference in Hamburg 17-20 September 2003. Network 22 "Research in Higher Education" discusses the ways and means to make the feedback more effective. The research paper concludes that use of interactive feedback processes, where the goals are subsequently becoming more precise, will lead to the better alignment of the students learning efforts to the different challenges of the subject areas encountered.

**12. (Robert Waldebee & Fred Luthans)** through their research paper titled "*The impact of positive and corrective feedback on customer service performance*" established that the

positive feedback group improved significantly less than the corrective feedback and control groups. In addition, there was no significant difference in performance between the corrective feedback and control groups. These results provide support to the Closed Loop Model of Self-Regulation (Kanfer, 1971) and the previous research by Kirschenbaum and colleagues (Kirschenbaum and Karoly, 1977; Tomarken and Kirschenbaum, 1982) that found positive feedback may be detrimental to performance of routine tasks. The paper also established the four major theoretical mechanisms through which feedback affects performance include: (1) role clarification, (2) self-efficacy levels, (3) behavioral reward contingencies, and (4) self-regulatory control processes.

**13. (Randall S. Peterson & Kristin Jackson Behfar, 2003)** in their research paper *“The dynamic relationship between performance feedback, trust, and conflict in groups: A longitudinal study”* establish that moderate task conflict has generally been associated with higher group performance, and relationship conflict associated with lower performance. This paper explored the dynamic relationships between intragroup conflict and performance with a longitudinal design. Results from 67 groups suggest that initial performance feedback to groups can have significant consequences for future team interaction. We find evidence to suggest that, (a) negative initial group performance feedback results in later increases in both task and relationship conflict, but that (b) groups with high early intragroup trust are buffered from experiencing the worst of future relationship conflict.

**14. (Manuel London & James W. Smither, wiley.com)** in their research paper titled *“Can Multi-Source Feedback Change Perceptions of Goal Accomplishment, Self-Evaluations, and Performance-Related Outcomes? Theory-Based Applications and Directions for Research”* elaborate that multi-source feedback extends traditional performance appraisal by collecting information from subordinates, peers, supervisors, and customers. Ratees often receive the results along with normative data and self-ratings. Their paper explores how multi-source feedback goes beyond traditional performance appraisal by providing ratees with comparative information. Focusing on person perception and information processing dynamics, this paper develops a model and associated propositions to explain the effects of multi-source feedback on perceptions of goal accomplishment, re-evaluation of self-image, and changes in outcomes such as goals, development, behavior, and performance. Moderators of relationships between the major components in the model include individual difference variables (self-image, feedback seeking, self-monitoring, task-specific self-efficacy, and impression management) and situational conditions (the content and process of multi-source feedback and organizational performance standards). Issues of research and practice intended to improve understanding and effectiveness of multi-source feedback are discussed. Personnel Psychology banner

## **15. (US National Library of Medicine National Institutes of Health) Evaluating performance feedback: a research study into issues of credibility and utility for nursing clinicians.**

Performance feedback is information provided to employees about how well they are performing in their work role. The nursing profession has a long history of providing formal, written performance reviews, traditionally from a manager to subordinate, with less formal feedback sources including peers, clients and multidisciplinary team members. This paper is based on one aspect of a PhD research study exploring the dynamics of performance feedback primarily from the nursing clinicians' perspective. The research reported here discusses the impact of the social relationship (between the source and recipient of performance feedback) on the recipient's evaluation of feedback as being 'credible' and 'useful' for self-assessment. Focus group interviews were utilized to ascertain the nursing clinicians' perspectives of performance feedback. Thematic analysis of the data was informed by the Social Phenomenology of Alfred Schutz (1967) specifically his theories of inter subjective understanding. Findings supported the level of familiarity between the feedback source and the nursing clinician as a significant criterion influencing the acceptance or rejection of feedback. Implications for the selection of performance feedback sources and processes within nursing are discussed.

### **INTRODUCTION**

Performance feedback enables the supervisors and managers to keep their subordinates informed about the performance and helps in management of work-related activities. It also helps the subordinates to reflect on their achievements and areas of improvement for planning future course of action. In this sense; it is a continuous and ongoing process between managers and subordinates. Positive feedback can appreciate and enhance superior performance and constructive feedback can correct poor performance. Both types of feedback should always be tied to the performance standards. As a manager it is important to focus on facts; but a more critical aspect is to have a one-to-one conversation around the facts to address performance deficiencies and support performance enablers. This constant exchange of information acts as calibration tool to compare performance exhibited against the performance expected.

This paper through the case based approach aims to discover how performance feedback reinforces desired behavior and performance outcomes. Through this study we have explored how feedback affects performance and impact of feedback on role clarification, self-efficacy, behavioral reward contingencies, and self-regulatory control processes. This study identifies various types of performance feedback mechanisms and employees reaction- response to feedback. This study also identifies the challenges and issues faced by managers in sharing effective performance feedback. In today's volatile and dynamic

business environment, there is constant shift in the competencies required to perform effectively. Organizations, therefore, have to continuously use effective feedback as a mechanism to ensure sustainable performance for the growth of the organization. New trends like, gamification, real-time performance feedback, performance based pay, HR analytics, help managers focus on their true role - helping employees achieve their maximum potential.

## TYPES OF FEEDBACK

- Motivational Feedback
- Formative Feedback

Motivational Feedback is also called Positive feedback. Formative feedback is also called Negative or corrective feedback. It is important to maintain proper balance between the two types of feedback. One to one isn't the balance you are looking at. Research by Kim S Cameron University of Michigan & other indicates that the highest performing leadership teams have a 5 positive statement to 1 negative statement part of their communication. It means high performing teams receive 5 times more motivational feedback than formative feedback.

<b>MOTIVATIONAL FEEDBACK</b>	
Identifies what the person(s) is doing that is good and value adding to reinforce the behavior in the future.	<b>WHAT</b> - Specify examples of positive performance
	<b>HOW</b> - Identify personal qualities that contribute to the performance
<b>Giving motivational feedback:</b>	<b>BENEFIT</b> - Acknowledge the benefit to you, the team, the project, customer etc.

<b>FORMATIVE FEEDBACK</b>	
Identifies what the person(s) is doing that needs improvement and show action steps to make that happen in the future.	Be <b>SPECIFIC</b> about performance that needs to be changed/improved
	Describe the <b>IMPACT</b> on results, you, team, others
Giving formative feedback:	Discuss and agree on new value-adding <b>BEHAVIOR</b>

## THE STANDARD FEEDBACK MODEL

STEP	PURPOSE
1. Put the employee at ease.	Prepare the employee to receive the information in a way that will prevent a potentially negative reaction.
2. Describe the problem performance or behavior.	Justify and validate the feedback by producing examples that the employee cannot contest.
3. Explain the impact of the performance and the negative consequences it is having on others	Make sure the employee is aware of these consequences and create the motivation to change by appealing to his or her sense of doing right for the greater good.
4. Get employee input to determine cause and develop a joint action plan/follow-up strategy.	Uncover the cause of the problem in order to resolve the problem in a way everyone will agree and buy into.

## REACTION-RESPONSE TO FORMATIVE FEEDBACK: CATEGORIES OF FEEDBACK RECIPIENT BEHAVIOR

**THIMBLE:** Employees in this category are highly resistant to feedback. They get defensive and argue against formative feedback.

**TUMBLER:** Employees in this category accept the feedback partially. These employees, though, at first attempt try to defend self.

**BUCKET:** Employees in this category take feedback positively without getting defensive.

### *How to handle a Thimble:*

- Try counselling
- Change in behavior patterns through regular communication
- Give them more challenging task and push them to new territory where the feedback becomes a must to perform
- Don't share any feedback with them for some time
- Involve HR

## IMPORTANCE OF PERFORMANCE FEEDBACK

Employees who maintain professional attitude towards their work are open to feedback (both motivational and formative). There is a difference in how individual see them and how others perceive them. This difference in perception prevents the individual from realizing the impact their behavior and actions create for others. These are the so called "blind spots." Individuals may not realize whether their actions are appreciated or disliked by people around them in the workplace. Even well intentioned and hard-working employees rely on ingrained patterns of perception for success.

Effective performance feedback reinforces desired behavior and performance outcomes. The outcomes of effective performance feedback intervention are:

- **Improved Performance:** Feedback is essential to growth and learning. Feedback creates self-awareness in the employees by exposing them to their innate strengths and areas of improvement. Once the employees have self-realization of strengths and improvement areas they can work towards achieving a superior performance. Clear feedback also support in goal-setting process.
- **Enhanced Motivation:** Employees don't like to live with their blind-spots; they want to know how to tackle them. They want to be part of success stories not failures. They want to provide solutions, and not to become the origin of issues. Employees are willing to invest in improving their performance as it will lead to increase in their market value. They want the managers to keep them informed on the progress they have made and how much ground still remains to be covered.
- **Improved Employee Engagement levels:** Regular feedback communication with focus on areas of improvement leads to higher levels of employee engagement, which typically leads to superior employee performance and productivity. It is a source of competitive advantage for the new age organizations and is considered to be one of the critical drivers of organizational effectiveness.
- **Role clarification:** Feedback intervention may clarify the doubts employees have around their role expectations. Role clarification will keep role-related stress away and will lead to superior performance results.
- **Self-efficacy:** Motivational feedback acts as a source to enhance employee's self-efficacy (verbal persuasions). This may also inspire the employee to set higher performance standards and eventually register superior performance.

- **Behavioral reward contingencies:** Motivational feedback is considered to be a desirable outcome and hence acts as a positive reinforcer for organizationally desired behavior.
- **Self-regulatory control processes:** Formative feedback may affect performance through influence on the employee's self-regulatory system. If the formative feedback received indicates a deviation to performance standards then the employee may try harder to correct the performance deficiency.

### **CHALLENGES AND ISSUES FACED BY SUPERVISORS AND MANAGERS IN SHARING EFFECTIVE PERFORMANCE FEEDBACK**

Supervisors face several challenges and issues in sharing effective performance feedback. Some of the challenges associated with performance feedback are outlined below:

- **Apprehension in confrontation:** Supervisors feel uncomfortable in confronting the employees especially when formative feedback is to be delivered. You may make the managers and leaders to take umpteen number of course on delivering effective feedback; unless they feel comfortable and develop confidence in giving feedback the results will be suboptimal. This feeling of uneasiness leads to most of the managers avoiding a feedback conversation or doing it as a formality exercise.
- **Lack of effective feedback mechanism:** Many organizations don't have a well-defined feedback mechanism. This creates a huge gap between performance expectations and actual performance results. Many supervisors don't get an opportunity to hone their feedback delivery skills.
- **Preference towards motivational feedback:** Supervisors look forward to giving motivational feedback and equally dread giving formative feedback. They are afraid that formative feedback will not be accepted by the employees without resistance and argument to justify their behaviors. The supervisors also believe that formative feedback may not result the desire and willingness to change and will act as a deterrent to supervisor-subordinate relationship. The challenge amplifies when the feedback revolves around critical insights about performance, employee behaviour, or readiness/potential that cannot be tied to measurable performance indicators.
- **Narrow Frame of Reference and mental impressions:** Supervisors have pre-conceived notions about the behavior and performance of employees. These mental impressions do not allow them to remain objective during feedback interventions. Creating a narrow frame of reference also impedes the process of constructive feedback taken positively by the subordinate. This restrictive framing of feedback occurs due to fundamental

attribution error. Human beings naturally form a mental impression about how someone is "doing". If these assumptions are made in good faith then such conclusions and perceptions tend to be both honest and accurate. However, to translate them into rating sometimes becomes ambiguous. Unconscious bias also acts as an impediment to effective feedback mechanism. The protective hesitation towards women is another challenge of feedback.

- **Employee resistance:** Due to the natural protective instincts human beings guard themselves against threats. Formative feedback poses a threat for the recipient and the natural reaction is to protect oneself against it. The employees may try various defense mechanisms and coping strategies to handle stress associated with formative feedback. Employee may resort to strategies like mentally blocking the feedback, reacting aggressively to defend position, shopping for confirmation or creation of echo-chambers. These coping strategies prevent the performance improvement that must follow post a feedback intervention.

## **COMMON MISTAKES SUPERVISORS MAKE IN DELIVERING PERFORMANCE FEEDBACK**

To be able to deliver feedback that keeps your employees on track, pay heed to these common mistakes most managers make and their solutions.

When the topic of giving performance feedback comes up, as it frequently does, it brings uncertainties and anxieties in doing this critical task effectively. This is especially the case when sensitive or negative feedback needs to be conveyed. The all-too-human temptation in these cases is either to avoid the issue, hoping it will go away, or to spend as little time as possible on the unpleasant matter. However, neither approach typically works well in achieving sustained on-the-job performance improvement.

**1. Focusing on the negative:** Some managers only communicate with their employees when something goes against their plan of action. Feedback should be balanced between both motivational and formative dialogues. Employees need to know what they have done well. Even when giving the formative feedback build on the positives first (follow the process of appreciative inquiry).

**2. Not acting on time:** Supervisors commit a mistake when they don't give the feedback immediately after the target behavior. Supervisors should not wait for the other shoe to fall. Acting in time is the key to success. Reinforcement works better when the distance between the behavior and feedback is not too long.

**3. Dressing down in public:** “Public shaming propels behavior change” has to be the most glaring misnomer. It not only attacks the morale and confidence of the person it is aimed but also the spectators of the show. Hence sensitive feedback should be delivered in a place where the recipient is less likely to resist or defend the behavior.

**4. Flight feedback tactics:** Using “hit-and-run” or flight tactic is evidence of supervisor’s aversion to confrontation. Supervisors should not use mediums like text message, e-mail or voice mail for delivering formative feedback as they don’t facilitate two-way communication. It also reflects supervisor’s non-serious/complacent outlook towards employee performance challenges. Supervisors should invest sufficient time in discussing the performance with their subordinates to establish seriousness of the feedback mechanism. This will also establish trust and pave way for performance improvement.

**5. Sugar-coating the formative feedback:** Some supervisors, in order to soften the blow, sugar coat the feedback message so much that it actually loses its essence. Supervisors should never try to minimize or obscure the serious performance problems. Supervisors should avoid use of euphemisms and indirect strategies aimed at making the formative feedback less harsh. The best approach is to be candid, direct and honest with the employees. Being direct will ensure that the message is not diluted and that it achieves the objectives.

**6. Giving feedback based on assumptions, rumors, or incomplete information:** Another mistake which supervisors may make is to base the feedback on assumptions, rumors, or incomplete information. This will lead to loss of credibility and trust. Supervisors need to make sure that the source of information is valid and is well- supported by evidence.

**7. Giving vague or non-specific feedback:** Supervisors must try to be as clear as possible. Focus on “what”, “when”, “how”, “where” “why” of the behavior. They must be specific and provide evidence for their observations. This will enable quick acceptance of the feedback by the employees. Supervisors should improve their articulation skills to deliver effective performance feedback.

**8. Limiting feedback sessions to one annual performance review:** Low frequency of feedback is another mistake committed by supervisors. Supervisors should not work with the philosophy that “no news is good news”. Supervisors should not miss any opportunity to praise good performance and correct poor performance. Regular feedback is the key to continuous improvement and it keeps the employee performance on track. It is important to maintain a constant connect with the employees.

**9. Displaying a patronizing attitude:** Supervisors who exhibit a condescending attitude are not liked by their subordinates. Supervisors should not try to patronize the

employees. Good supervisors give freedom to the employees to decide what is best for them and then support them in achieving the same. Active listening is very important to establish the flow of thoughts between supervisors and subordinates.

**10. Not following up with your subordinates:** Another mistake made by supervisors is the drop in enthusiasm after feedback conversation. The performance plans look very impressive on paper but lack the implementation value. To ensure that the feedback loop is completed the supervisor must ensure follow-up on the plan of action.

## **HOW TO MAKE PERFORMANCE FEEDBACK EFFECTIVE AND USEFUL**

- **Maintain Confidentiality:** The bedrock of any relationship is trust. This is applied to the supervisor-subordinate relationship as well. Employees expect their supervisor to maintain confidentiality on their performance related information. If the supervisor breaks that trust, it is difficult to build it back up and employees will stop coming to them with problems. Effective leaders don't involve themselves in office gossip, they don't delegate performance discussion to others rather confront any issues themselves and prefer to involve with the employees directly. Employees have more respect for the opinions of supervisors they can trust.
- **Express Directly:** Feedback should be specific i.e., it clearly describes observable behavior and specific incidents. Supervisors should avoid making general or vague comments about an issue. The most useful feedback is direct, open and concrete.
- **Avoid information overload:** Don't overload the employees with too much information. Employees can process only limited information in one point of time. Focus on the critical issues and the action plan to resolve those issues.
- **Give feedback with care and attention:** The supervisor should create mutual trust during the feedback intervention. What is being said is important but how it is being said is more important. The employees should feel your concern in the tone and manner used for sharing the feedback. Facial expressions, tone of voice, choice of words and body language play a crucial role in establishing an empathetic relationship between source and recipient of feedback.
- **Express Fully:** Effective feedback is not incomplete and it requires more than a statement of facts. "Feelings" reactions, if appropriate, also need to be explained fully so that the recipient can judge the full impact of their behavior.

- **Make it well-timed:** Give the feedback when the recipient is more receptive to it and the incident is still fresh on the mind of recipient. It should be given during the regular office hours to establish seriousness.
- **Don't clutter feedback with evaluative judgments:** To establish congruence between intent and impact of feedback make sure that it does not consist of personal prejudices and/or evaluations. An effective feedback is one where the supervisor does not preempt the motivation, and intentions of the recipient.
- **Well-Prepared:** Effective feedback is well prepared. It is based on data and evidences. The supervisor should establish a broad and flexible frame of reference when delivering the feedback. Superiors should anticipate the points of resistance and be prepared to handle them constructively. Supervisors should not act too quickly if there is time to create a broader frame of reference for the feedback, unless there is an emergency.
- **Should be easily acted on:** Feedback is delivered with the aim to continue or change the organizationally desired behavior patterns. Hence, the focus should be on the impact of behaviors and desired effects of change.

## LATEST TRENDS AND BEST PRACTICES

### Real-Time Feedback and Digitization of feedback platforms

Corporate today wish to understand the softer aspects that impact employee performance enabling them to manage employee behavior and make changes in procedures and policies impacting employee experience and help in taking insight based decisions.

Digitization in terms of *video interviewing, online chat-bots Mobile, analytics, and AI solutions* can help the corporate to collect, interpret, and take action on employee feedback on a real time basis, over a wide range of quantitative and qualitative parameters like Analysis on text inputs, employee sentiments, social and organization networks and interpret body language, voice modulation and text tone, web-based feedback, enterprise social networking (such as the Microsoft-owned Yammer), and mobile apps.

PD@GE is a mobile performance review platform which allows employees and managers to collaborate on setting and reviewing short-term goals and projects, with an emphasis on real-time feedback. This feedback can be exchanged through the app as typed notes, digitized photographs of handwritten notebooks, or voice recordings, unlocking the flexibility to cater to individual workflows.

IBM, also has recently introduced a mobile app-based performance review system called Checkpoint.

Infosys has put in place a new performance appraisal system called iCount for its 193,000-odd employees that seeks to reward individual performers on the basis of specific targets. As part of iCount, employees will be offered feedback and subjected to reviews throughout the year rather than just an annual appraisal.

### **Use of Gamification for sharing feedback**

According to Forbes article, the two most important reasons of performance appraisals and feedback not giving effective results are no recognition in time and no recognition for one person doing work of many. Gamification of performance feedback not only makes the job interesting but study reveals it creates more engaged employees. There are few free gamifications tools like Gioco, Capstainup, Zurmo etc are available which can easily integrate with other applications.

### **More focus on quality than quantity of feedback conversations**

Continuous Feedback which started as a disruptive trend in 2015-16 will get its due recognition in managing performance. Frequent real-time feedback and the redesign of performance management is now a high priority for 79% of executives according to Deloitte. The focus will be on training managers in coaching skills and to decouple performance measurement from performance improvement conversations and feedback.

### **Use of HR analytics for driving performance trends**

The use of HR analytics is growing prominence over the last decade. Companies are using advanced analytics and large data sets to processes such as recruiting and retention, uncovering surprising sources of talent and counterintuitive insights about what drives employee performance. Google has been a pioneer in this field. Feedback conversation will become more meaningful when based on the critical inputs received from application of HR analytics.

### **Feedback as key to employee engagement**

According to a Gallup study a continuous feedback process is critical for driving successful performance of the employees. Continuous feedback process enhances

satisfaction levels of the employees which in turn lead to higher levels of engagement and commitment. Such employees have higher intent to stay with the organization.

The Gallup study revealed that highly engaged employees outperform their competitors with the least engaged employees in categories including:

- 10 percent higher customer ratings
- 21 percent higher profitability
- 20 percent higher productivity
- 24 percent-59 percent lower turnover
- 41 percent lower absenteeism
- 40 percent fewer quality defects

**Based on a study of 559 roles and 7,000 employees, Gallup researchers identified three core areas of performance that are critical for nearly all roles:**

- ✓ individual achievement
- ✓ team collaboration
- ✓ customer value

## CONCLUSION

- It can be deduced that the supervisor's credibility is on the line in the performance feedback mechanism. Hence they should be well prepared. Supervisor should give feedback that is timely, accurate, important, and actionable. They should not design feedback to please the employees but to improve their performance. When employees believe the feedback as progressive they will act on it.
- Employee want to contribute to solutions, not be the cause of problems. They don't like having blind spots, and they want to know how to improve. They're willing to invest in themselves to achieve better results, because they know this will increase their value in the career marketplace.
- Effective feedback will improve the employee engagement significantly thereby enhancing performance and productivity.
- Well-defined and well-executed performance feedback mechanism will ensure that organizations are able to sustain effective employee performance through high motivation, increased knowledge transfer and high focus on creativity and innovation. These are the sources of sustainable employee performance characteristic of a high-performing work team.

## RECOMMENDATIONS

### **Performance Feedback Management**

- Feedback goes beyond managers. It extends to co-employees and even customers.
- Organizations should encourage their employees to talk to management and report problems to resolve any issues.
- It is easier to motivate workers in an open culture of communication than if they are afraid to speak up.

### **Performance Feedback Structure**

- Good performance management is pro-active.
- Do not wait until a situation gets out of hand before intervening.
- Make sure employees know that you are watching, and keep feedback frequent.
- A responsible manager ought to be able to set up a schedule and provide [employees] with constructive assistance.

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# **A Study Of CSR Initiatives At IPCA Laboratories**

**Ms. Kinjal Jethwa**

Student, DSIMS

**Dr. Sarika Jain**

Associate Professor, DSIMS

## **Abstract**

Corporations worldwide these days are not just aiming to achieve higher financial performances but also trying to maintain an impressive social performance due to institutional pressures, active motivations for gaining competitive advantages and many more other legal and social dimensions. Hence to achieve the same firms undertake a wide variety of CSR activities targeting different stakeholders. The present study analyzes various CSR initiatives at Ipca laboratories. It's an exploratory study for which both primary and secondary data was considered. It summarizes the process of CSR and the major focus areas undertaken at head office and the location plants. Ipca has well developed infrastructure, manpower, facilities and strategies to contribute towards bringing about a social change in the society and also towards the nation. They are also eager and positive to further to explore its CSR base in the coming years to increase their social footprints and enhance their employee's social sensitivity.

**Keywords:** CSR, Ipca Laboratories, CSR Initiatives, CSR Activities

## **INTRODUCTION**

Over the last decade and a half, we have seen a revolutionary shift in the relationship of private sector with the state and civil society. Further with the changing rapport the private sector is showing concern towards the civil communities associated with it directly or indirectly. The relationship between firms and the civil society is continuously moving from traditional philanthropy to the review of the purposes, rights and obligations of business to the society. Enormous propagation of Corporate Social Responsibility (CSR) thought and its uses have been prompting the firms to adopt a code of conduct of social responsibility. Today, the common goal of the domestic and international business community seems to be bringing forth wealth in a socially and environmentally responsible way. It mainly emphasizes that companies should move their focus from just competition to contribution which help to solve the social issues and

create better society to live. It is more about showing respect and concern about its associated stakeholders because the respect of the organization towards its stakeholders will automatically bring concern and, concern will help them to walk a mile extra to solve the issues and the challenges faced by the people in the society.

## CSR - A CONCEPT

CSR, which is nowadays linked with several terms and phrases like corporate responsibility, corporate accountability or ethics, corporate citizenship, triple bottom line, Ethical guidelines and Environmental Social and Governance norms, is becoming increasingly cohesive into advanced business patterns and exercises. There is an upcoming trend of referring to it as 'Liable competition' or 'corporate Sustainability'. Defining CSR is elusive, as it is a dynamic and ever evolving concept (Pinkston and Carroll, 1996). There is no unity among the researchers on what CSR is and what the corporate or business entities need to do, to fulfill their social responsibilities.

CSR is fundamentally an ethical concept which has direct concern with quality of life in the society and calls for social dimensions of business activity. It makes the business alert towards its social obligations and serving the interest of the society in return for the diverse positives it takes from the society. Business entity must forge step ahead to contribute more than economic value, as the word 'responsibility' has a wider significance and implies that the business carries a larger obligation towards the society than mere provision for economic benefits. It has to not only make those efforts but has to maintain those efforts to create a better surrounding. Organizations need to start with micro transformations in order to create Macro transformations. Figure 1 clearly indices the various benefits of CSR

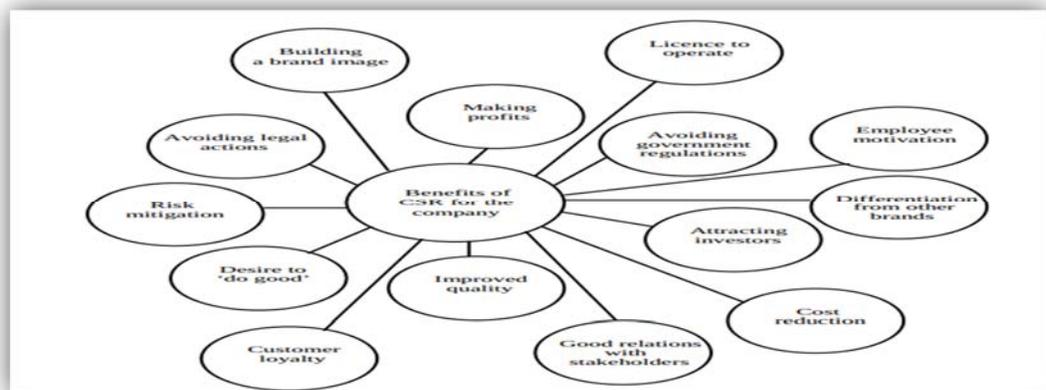


Figure 1: Benefits of CSR - Source: Książak, 2016

## CSR IN INDIA

In India, CSR is not a new concept. It is essentially an ethical concept revolving around the governments as well as private organizations (Sharma and Talwar, 2005). This actually motivates organizations to think broadly about their obligations its responsibility for the society in which they operate and sustaining those efforts made towards their obligations and responsibility rather than just maximizing shareholders benefits, value or profits. In today's era organizations or business entities have diverse and varied approaches towards CSR or their social obligations.

India has the world's richest tradition of CSR which mainly focuses on two aspects, i.e., philanthropic activities and community development for national growth. Known as charity earlier, CSR has changed its conception and shifted its nature through different stages of development. While growing with the pace of industrialization, the first stage of CSR in India was characterized by cultural and religious values, family customs, and traditions and community donations. In other words, it was essentially charity and philanthropy. Indian firms have embraced some of the universal CSR thoughts, but with their own features rooted in Indian culture.

After the 1980s, conventional philanthropic participation gradually diminished in India and stakeholder and multi-stakeholder approach came into power. Under this approach, businesses started recognizing the interest of multi-stakeholders, including society, and expanded their horizon. However, the multi-stakeholder approach was quite immature due to the rare interactions among businesses, Civil Society Organizations and trade unions.

Model	Focus	Campions
Ethical	Voluntary commitment of companies to public welfare	M K Gandhi
Statist	State ownership and legal requirements determine corporate responsibility	Jawaharlal Nehru
Liberal	Corporate responsibility limited to private owners (shareholders)	Milton Friedman and Theodore Levitt
Stakeholders	Companies respond to the needs of stakeholders—consumers, employees, communities, etc.	R Edward Freeman, Robert Ackerman and Archie B Carroll

*Table 1: CSR MODELS*

*Source: Adapted from "Altered Images: The 2001 State of Corporate Social Responsibility in India Poll", TERI, Europe*

## **IMPORTANCE OF CSR IN PHARMACEUTICAL INDUSTRY**

The pharmaceutical industry in India is amongst the most highly organized sectors. This industry plays an important role in promoting and sustaining development in the field of global medicine. Because of the existence of low cost manufacturing facilities and cheap labor force among others, the industry is scaling new heights in the fields of production, development, manufacturing and research. However, this has also led to numerous social problems and it is the moral and social duty of the corporate sector to address them.

CSR Spending has been made mandatory in India through the Section 135 of the Companies Act, with effect from 2014-15. "Indian Affairs" reported that on the passing of Companies Bill 2013, the Indian pharmaceutical companies have been mandated to invest anywhere between Rs.300-325 crore in the coming years under Corporate Social Responsibility (CSR) scheme. As per "Pharmabiz review", nearly 79 pharmaceutical companies will have to spend two percent of their average net profits on social activities which totals to around Rs.325 crore.

"In the world, with long global supply chains, the balance of power between global companies and the individual communities in which they operate is inclining more and more in favor of the companies. As such these companies are going to command more control, not only to create value but also to transmit values, many factors influences have led to increasing attention being devoted to the role of companies and CSR. It becomes essential for pharmaceutical companies to consider it as an opportunity to create strategic advantage for society as well as for business in place of considering it as a financial burden on shareholders.

Of late the pharmaceutical industry has recognized that it has a more important role to play in the complex process of increasing the availability of medicines in poor countries. Since 1999, there has been a considerable increase in philanthropic programmes, with some significant sums being spent by companies in joint public private initiatives (JPPIs). There have also been interesting developments in research-based public private initiatives to tackle key infectious diseases, such as

HIV/AIDS, malaria, and tuberculosis (TB). In general, after the Companies act 2013 pharmaceutical firms have started treating CSR as one the important strategic responsibility. Same applies to IPCA laboratories.

## **OBJECTIVE OF THE STUDY**

The current study aims to explore CSR initiatives undertaken by Ipca Laboratories ltd.

## **METHODOLOGY**

Present study is an exploratory study about the CSR Initiatives undertaken by IPCA labs ltd. For this purpose, both primary as well as secondary data are used in the study. Primary data was collected through employees of corporate HR department of Ipca. The secondary data is collected information from a wide variety of reliable Sources including company's policy details, annual reports, documents, Research papers, and procedures, academic books, articles, Official websites and the information was then observed and analyzed and taken into consideration.

## **ABOUT THE FIRM**

**Ipca laboratories** ltd is public limited company formulated in the year 1949 in Mumbai. Premchand Godha is current Chairman and M.D. Ipca is a fully-integrated Indian pharmaceutical company manufacturing over 350 formulations and 80 APIs for various therapeutic segments. The company offers APIs for anti-hypertensive, anti-malarial, diuretic and anthelmintic diseases. One of the world's largest manufacturers and suppliers of over a dozen APIs for more than 60 years, Ipca has been partnering healthcare globally in over 110 countries and in markets as diverse as Africa, Asia, Australia, Europe and the US. It is headquartered in Mumbai, India and employs around 13,013 people. The company recorded revenues of INR 31,78.87 million (approximately \$474.million) in the fiscal year ended March 2017. Ipca was awarded as 'Among the 100 Best Companies to Work in India 2010' in a study conducted by Great Place to Work® - India in joint collaboration with The Economic Times.

## Values of IPCA



*Source: official website of IPCA laboratories ltd*

### **CSR INITIATIVES AT IPCA**

For IPCA, CSR is about producing an overall positive impact on the society. It is the continuing commitment by the 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.

Over these Years of success, growth and expansion Ipca consciously believed that CSR is very essential and is a part of their business. Their Corporate Social Responsibility involves initiatives on a micro level includes patient health, employee and public safety, nurturing of environment and building sustainable communities. Ipca is also engaged with external stakeholders including healthcare professionals, investors, customers, non-governmental organizations, and suppliers in this Endeavour. Ipca has well-structured framed CSR policy and it forms a part of their corporate Vision and Mission. Ipca has strategically distributed CSR activities on Quarterly basis.

### **CSR MISSION**

Ipca is committed to operate their business with emphasis on CSR in all areas of their operation. They will integrate their business values and operations to meet expectations of their shareholders, customers, employees, regulators, investors, suppliers, and the community and take care of environment with best interest.

## CSR GOVERNANCE

At Ipca Each and every manufacturing plant has implemented CSR policy; it regularly promotes awareness amongst their employees to ensure that they adopt the CSR mission in every area of work. The CSR team reviews the progress of every plant on a Quarterly basis with respect to its compliance and an annual report on the CSR activities is Prepared.

Ministry of Corporate affairs had issued a notification that from the 1<sup>st</sup> April 2014 each and every corporate organization needs to mandatory carryout CSR which was earlier voluntary. CSR should amount to 2% of the net profit earned by the company

(Amount in crores)

Year	Net Profit	2% of Net profit	Amount spent	Amount Unspent
2014-15	483.79	9.68	7.09	2.59
2015-16	475.71	9.51	4.8	4.71
2016-17	357.51	7.14	4.28	2.86

*Source: Developed from Annual Report 2014-2017*

From the above figures shows the net profit of the Ipca and the amount spent and towards CSR initiatives.

Ipca believes in “Doing well by doing good.”, “Making a difference for better tomorrow.” and “Helping hands that brighten the world to be a better place.” So, in order to support their beliefs, the below figure shows the major areas in which Ipca laboratories is conducting their CSR activity directly or indirectly. It has the list of the activities that Ipca is conducting under that particular area. It tries to satisfy its stakeholder and create an environment suitable for both of them.



*Major Areas of Contribution as per CSR policy*

Health	Safety
<ul style="list-style-type: none"> <li>• Eradicating hunger, poverty and malnutrition</li> <li>• Promoting preventive healthcare &amp; Sanitation</li> <li>• Making available safe drinking water</li> <li>• Free medicine distribution</li> <li>• Medical check ups</li> <li>• Medical camps</li> </ul>	<ul style="list-style-type: none"> <li>• Organization wise awareness drive to improve general safety standard</li> <li>• A series of training sessions for safe working practices</li> <li>• Road safety campaigns</li> <li>• Posters on safe driving</li> <li>• Street lights and hand railings</li> </ul>
<b>Employees</b>	<b>Customers</b>

* * W o m e n  E m p l o y e e r m e n t r y c h <ul style="list-style-type: none"> <li>• Employee and their children education and skill development programs</li> <li>• Personal effectiveness programs</li> </ul>	Existence depends upon customers. Every employee is responsible for ensuring that all their contact without customers and the public at large shall reflect professionalism, efficiency and honesty. Constantly strive to provide high quality service and products to customers and public at large. <ul style="list-style-type: none"> <li>• Health awareness programs</li> <li>• Product Knowledge</li> <li>• Providing quality products</li> </ul>
<b>Environment</b>	<b>Community</b>
<ul style="list-style-type: none"> <li>• Tree plantations inside and outside the manufacturing sites</li> <li>• Save trees by reducing papers</li> <li>• Save affluent treatment management</li> <li>• Rain water harvesting</li> <li>• Ecology awareness programs for workmen and students</li> <li>• Water, energy conservation programs</li> <li>• Use of unconventional use of energy</li> </ul>	<ul style="list-style-type: none"> <li>• Education and training</li> <li>• Employment</li> <li>• Social welfare for under privileged section</li> <li>• Environment</li> <li>• Rural development</li> </ul>

### Child care and support for old age

## CSR OPERATIONS

Ipca laboratories had founded the registered trust named **Prabhat foundation** in the year 1991 it was established with the objective to improve the life of underprivileged and contribute for betterment of the society. This trust has undertaken various welfare programs and spent towards several initiatives.

Ipca laboratories Conduct its CSR operations through two channels one is through their Established trust i.e. Prabhat foundation and other is through their Human Resource Department at their respective locations and the expenses incurred are Directly by the company. Both are shown and considered separately by the company. The activities that are performed by the HR teams is mostly to support

NGO's in various areas as per the company CSR policy and also as per the requirement of the respective NGO's.



*Source: Developed by Authors*

Mainly Areas of CSR explored by Trust i.e. Prabhat foundation and the Human resource department is on similar lines as mentioned in the company's CSR policy. Let us explore the who channels adopted by Ipca laboratories Further in detail by being specific in each of the channel.



*Source: Developed by Authors*

**HEALTH & SAFETY:** Prabhat foundation extended medical assistance to the patients suffering from cancer, heart problems, and kidney issues. Also, medical camps were being organized in Maharashtra to provide with regular checkups and benefit the underprivileged. Medicines are distributed free to the needy people for their speedy recovery. Prabhat foundation also organized safety drives at the manufacturing plants to create awareness about the safety among employees as well as among general public by distributing informative pamphlets about road safety

The HR team carries out CSR activities Apart like, Blood Donation champs are also organized in association with Various reputed organizations (TATA memorial hospital) at corporate office large number of members turned up for this noble cause this camp is carried out every year in the month of May/June. Blood donations camps are also organized by manufacturing plants at different locations once in a year. Also,through various NGO'S they carry out different activities as per the requirement and the allocated budget.

In addition, water huts were set up for general public for drinking during hot summer. Aqua-guard water purifier was installed in many Zilla parishad schools of Maharashtra to provide the poor children with clean and safe drinking water and make them understand the Importance of clean and safe drinking water.

***Activities conducted Under Prabhat Foundation for Health and safety***

Activities	Beneficiaries			2014-15	2015-16	2016-17
	2014-15	2015-16	2016-17			
Financial assistance to the people suffering from cancer, Heart and kidney patients	9	10 Cancer	16 Cancer	7.65 lakhs	7.43 lakhs	9.42 lakhs
	(only cancer patients)	11 heart	13heart			
		5 kidney	6kidney			
Extended Medical assistance to people below poverty line	128	For medical camp & fees to the professionals	131	23.59 lakhs	10.20 lakhs	20.56 lakhs
Free Medicine Distributed	Through trust like Vimla centre and IDMA (Indian Drug manufacturing association)	Poor and Needy	Poor and needy	6.17 lakhs	8.92 lakhs	1.83 lakhs
<b>Total spent</b>				<b>48.25</b>	<b>44.32</b>	<b>31.81</b>

*Source: Developed by Authors*

## EDUCATION:

Prabhat foundation extends Educational assistance to the deprived students for supporting their educational fees ,other vocational training, maintenance of the school infrastructure, provides scholarship to promote education and literacy among the tribal, sponsorship for studies for the economically poor children, Promotion of girl child education through various initiatives, Construction of hostels for girls, washroom facilities for girls so they can pursue their education with all the proper facilities. Prabhat foundation extends help to an NGO called Mrityunjai Bharat from three consecutive years which adopts 10tribal laborer's children and supports them for gaining education across the 7 different districts in Indore and provides them with the required facilities. Prabhat foundation extends their support to this NGO'S initiatives by providing them donations. Prabhat foundations also support government schools by providing them with the educational amenities such as furniture, Sony projector, Green boards etc.

### *Activities conducted Under Prabhat Foundation for Education*

Activities	Beneficiaries			2014-15	2015-16	2016-17
	2014-15	2015-16	2016-17			
Promotion on tribal girl child education	Building of hostel for girls through trust named vanvasi kalyan ashram	Building washroom facilities for girls at silora high school	-	11 lakhs	3.09 lakhs	-
Sponsorship for Rural education for poor children	Through Vishwa shanti foundation	125 economically deprived students	For pursuing fellowships of 5students	5 lakhs	9.15	20.56
Scholarship for studies	16 students adopted by Mrityunjai Bharat	6 medical students for their studies 10tribal labour children were adopted by Mrityunjai bharat extended our support	Through Mrityunjai bharat to tribal student's victim of child labour	3.47 lakhs	10 lakhs 1.20 lakhs	1.20 lakhs
Financial help for construction and maintenance of higher secondary schools	550	13chalk boards at Adarsh school in ajmer and donation	At silora high school to expand their capacity to serve students from 215-490	20.26 lakhs	1.08 lakhs	70000
<b>Total spent</b>				<b>40.93</b>	<b>26.73</b>	<b>16.37</b>

*Source: Developed by Authors*

#### **COMMUNITY OUTREACH PROGRAMMES:**

Ipca laboratories is very keen on undertaking community welfare activities. It is mainly done by the Hr teams of the respective locations and support the destitute people in that particular surrounding. So, keeping this objective in mind, In Mumbai they provide a regular support to Shanti Daan Ashram in Mumbai which take care of the differently abled males residing in that particular ashram. Promoting wellness initiative Ipca supports the senior Citizen at Assisi Bhavan an old age in Mumbai their small contribution helps the old people to fill their monthly groceries and medicines. Ipca is happy to get associated with women's India Trust a trust that facilitates women's upliftment and development to earn their regular income it also provides residential regular programs for Nursing, teaching etc. for girls/women staying in rural areas. This outreach programs are done Location Wise Expenses are incurred directly from the companies allotted budget. They also organize safety drives, tree plantations and many such initiatives that will benefit their stakeholder and increase awareness among them.

#### **ANIMAL PROTECTION:**

Recently only Ipca Laboratories had tied up with **Ahimsa** which works for stray animals to create healthier environment for them as well as people around, they also provide medical care to sick, diseased and injured stray animals. Most of the patients are small animals - dogs, cats and birds, though rabbits and pigs are also admitted. The clinic serves about 400 animals each month. Ipca was keen on carrying out a CSR activity for animals and they are now associated with it providing medical help for dogs, cats and birds and also sponsoring their surgeries, food requirements etc. Ipca is keen on expanding this area not all their locations are involved in animal protection and awareness activities.

#### **REHABILITATION:**

**Rescue Foundation**, an NGO working for rescue, rehabilitation and repatriation of victims for human trafficking from different parts of India, Nepal & Bangladesh and sold for forced prostitution. Prabhat foundation helped by giving these girls with the clothes and multivitamin tablet for their growth this activity was carried out during "Joy of Giving Week" Celebrated at Ipca laboratories.

**OTHER INITIATIVES:**

“Joy of giving week” is celebrated every year in the month of October where various activities for the poor and needy people are held and also NGO’s put up their stall to sell Diya’s, sweets in the company premises.

Every Year “Go green save trees” drive is being held to help the employees understand the importance of green environment.

**CSR activities with the following NGO’s Supported by HR Department in Mumbai 2016- 17:**

Health and Safety	Education	Woman Empowement & children	Medical	Animal protection
<ul style="list-style-type: none"> <li>☐ Shanti Daan Ashram</li> <li>☐ Assisi Bhavan (Old age Home)</li> <li>• Bombay leprosy Project</li> </ul>	<ul style="list-style-type: none"> <li>• Dhyaneshwar vidya mandir</li> <li>• Dnyanvardhini vidyalaya</li> <li>• Prem sadan</li> <li>• Shikshan Gram</li> <li>• Pragati Vidyalaya</li> </ul>	<ul style="list-style-type: none"> <li>• K.D.Vora Industrial home for blind woman</li> <li>• Prem sadan</li> </ul>	<ul style="list-style-type: none"> <li>• Bhakti Vedanta Hospital</li> <li>• Rescue foundation</li> <li>• Blood donation with TATA memorial hospital</li> </ul>	<ul style="list-style-type: none"> <li>• Ahimsa</li> </ul>

**Ipcac conducted CSR activities with the following NGO’s at the Locations during 2016-17:**

Ratlam	Pithampur-HPD	Athal	Kandla	Dehradun
<ul style="list-style-type: none"> <li>• Rural development at sejavta and Amleta village</li> <li>• welfare activities at government schools &amp; colleges</li> <li>• Kashyap rotary Eye bank</li> <li>• Spent on women empowerment, drinking water facilities &amp; towards protection of national heritage</li> </ul>	<ul style="list-style-type: none"> <li>• Planted 170 saplings around the vicinity of Ipcac</li> </ul>	<ul style="list-style-type: none"> <li>• Rogi kalyan samiti for welfare of patients</li> <li>• Towards Swacch Bharat abhiyan</li> <li>• Nand Gopal Charitable trust for animal welfare</li> <li>• Towards promotion of Cultural equality at Adivashi samaj utearsh sangh</li> <li>• Organised cultural activity at government schools in association with Lions club</li> </ul>	<ul style="list-style-type: none"> <li>• Matushree Tulsi Motumal gurnani Bhudha ashram</li> <li>• Mata lachmi charitable society</li> </ul>	<ul style="list-style-type: none"> <li>• Assistance to social well-being</li> <li>• spent in government schools</li> </ul>

Sikkim	Aurangabad	Indore	Indore SEZ	Ranu	Mahad
<ul style="list-style-type: none"> <li>•Fight against Drug abuse</li> <li>•Repairs and maintaince for government schools</li> </ul>	<ul style="list-style-type: none"> <li>•Matoshri Vruddhashra m old age home</li> <li>•Donated sports equipment to government Zilla parishad primary school</li> <li>•Donated house hold to jai Krishnan society</li> <li>•Promotion of education at shahid Bhagat singh school</li> </ul>	<ul style="list-style-type: none"> <li>•Towards maintaince of Public garden</li> <li>•Health check up champ at Simhastha</li> <li>•Organised Marathon</li> </ul>	<ul style="list-style-type: none"> <li>•Help for infrastrucutre needs for Higher secondary government girls school</li> <li>•Health check up at Maa Kankeshwar i old age home</li> <li>•Help to Indian Red cross society</li> <li>• Tree plantations at government schools</li> </ul>	<ul style="list-style-type: none"> <li>•Giving school bags,ID-cards at Navapura girls school to promote girl education</li> <li>•Provided with scholarship for further studies to the girl child Rank holders</li> <li>• Provided Educational assistance to nearby schools and students</li> </ul>	<ul style="list-style-type: none"> <li>•Assistance to Raigad ucha madhyamik school for upgrading current Education system</li> <li>•Raigad police welfare fund for serving the society</li> <li>•Group gram panchyat for rural activities</li> <li>•Zilla parishad schools</li> <li>•Trimurti Charitable trust for eye check up camp</li> </ul>

## EVALUATION OF CSR PROJECTS

The CSR committee ensures that there is appropriate organizational structure. Effectively identify, Monitor and manage the Corporate Social Responsibility of the company including approval and allocation of CSR budgets and Monitoring of CSR activities. The committee is based at corporate office and CSR team supports the CSR committee to implement the CSR activities.

The CSR team has to give monthly reports to the CSR Board committee. The CSR activity if conducted in a month The Human Resource Head has to summarize to the board committee events and reports along with the photographs which is further posted on their social media sites. The audit of the CSR activities is done

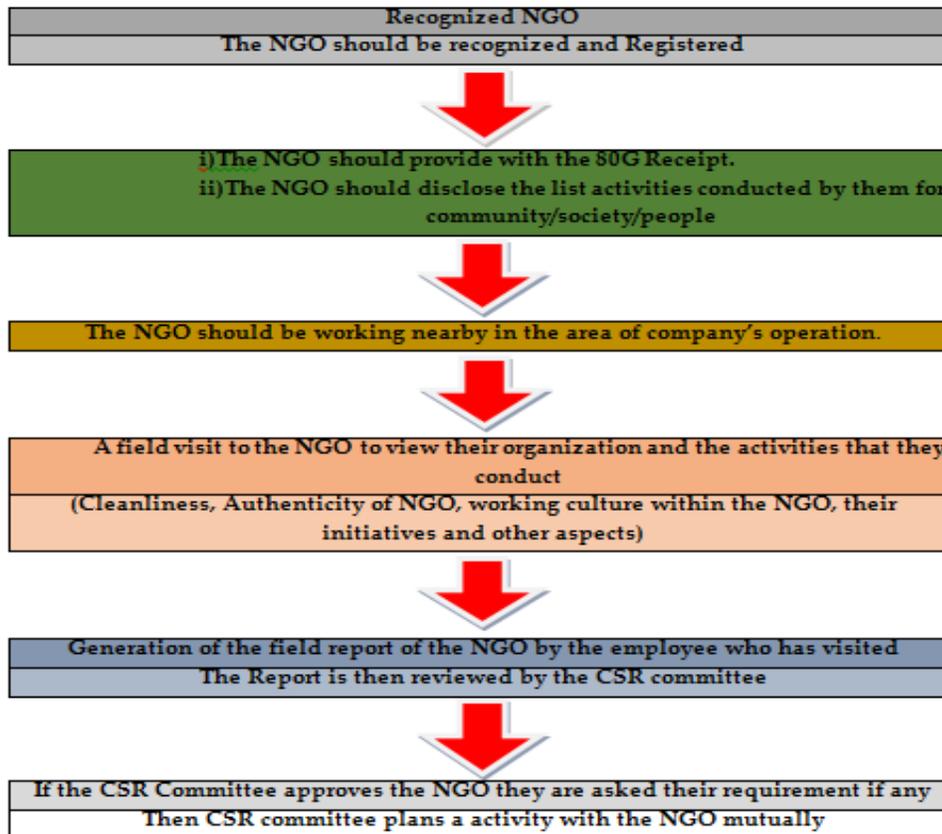
by the internal audit department in every six months. It is also disclosed in the annual report of the organization.

Ipca believes in being open and honest in communicating the strategies, target, performance and governance to their stake holders its continues commitment for sustainable development and long-term relation. They continuously encourage their employees to help local community organizations and activities in the local region. If employee finds that certain NGO is recognized and the company should conduct CSR activity they can inform about it to the CSR team so that they can take it forward.

Before implementing any CSR initiative with an NGO, Ipca laboratories has a set of procedure that is to be followed to check their authenticity and reliability of the NGO. The corporate Office at Mumbai carries out CSR activity quarterly bases. They CSR committee needs to check the required compliance on the part of the company and with the NGO like whether they provide 80G receipt and other documents required by the company to fulfill their legal compliance. NGO should explain the CSR team the list of activities that they conduct.

After this overview there is a field visit to the NGO by the CSR team members for general inspection. Post field visit the report about the visit is generated by the CSR team and submitted to the HR head and once it is approved By the DGM (Deputy General Manager) or the required authority. The CSR team plans an activity at that particular NGO. This procedure is followed across all the locations of Ipca laboratories as well as in the head office. It is ensured that CSR activity is conducted across the entire manufacturing plant quarterly basis with compliance The CSR committee at head office reviews it on regular basis.

### Inspection done By the HR Team before Conducting CSR activity



*Source: Developed by Authors*

## LIMITATIONS

Following are the limitations of the study:

1. If additional data was available about the Prabhat foundation and its activities the outcome of the report would have been better
2. The report could have been more refined if the interviews could be possibly conducted at the plant locations as well instead of only head office only.

## RECOMMENDATIONS

In order to create a greater impact in the society, Activities of Prabhat foundation and Human Resource Department should be integrated. This will help to widen the Company's CSR portfolio.

## CONCLUSION

Ipca Laboratories is successfully contributing 2% of its income towards the CSR initiatives. They have well developed infrastructure, manpower, facilities well developed policies and strategies to contribute towards bringing about a social change within the society and also towards the nation. Desire to do good for the people, this value has brought the firm goodwill in terms of Good relations with the stakeholders internal as well as external, improved the quality and many other qualitative benefits. Ipca extends their support for the medical assistance of cancer, heart kidney patients they also provide free medicines to many of the other poor and needy people. They provided educational sponsorship for the children education in orphanages, also for the needy and differently abled children for their development. They organize a "joy of giving week" in which they support the underprivileged part of the society. They also extend their support for the old age needy people they sponsor their medicines and surgeries. They organize tree plantation week and also cleanliness and safety drives blood donation camps and much more.

All these initiatives have helped Ipca to develop better rapport with the civil society and this indicates that Ipca Laboratories is eager and positive to further explore its base in the coming years to increase their social footprints and enhance their employee's social sensitivity.

# APPENDIX

## ANNEXURE 2

### ANNUAL REPORT ON CSR ACTIVITIES

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

The Company believes that contributing to the overall health and wellness of our world starts with lessening our impact on the environment and we remain committed to the highest ethical standards in everything we do - right from research and development to sales and marketing.

The Company's Corporate Social Responsibility involves initiatives on a micro level to include patient health, employee and public safety, nurturing of environment and building sustainable communities. The Company also engages with external stakeholders including healthcare professionals, investors, customers, non-governmental organisations and suppliers in this endeavour.

The Company is committed to operate its business with emphasis on CSR in all areas of its operation. The Company integrates its business values and operations to meet the expectations of its shareholders, customers, employees, regulators, investors, suppliers, the community and take care of environment with best interest.

A definite and well structured Corporate Social Responsibility (CSR) policy has been framed by the Company and is available on its website (weblink [http://www.ipca.com/pdf/corporate\\_policy/Corporate\\_Social\\_Responsibility\\_Policy.pdf](http://www.ipca.com/pdf/corporate_policy/Corporate_Social_Responsibility_Policy.pdf)). The CSR policy forms a part of the Company's corporate vision and defines its approach on key responsibility issues.

**2. The Composition of the CSR Committee of the Board**

Mr. Dev Parkash Yadava	-	Independent Director and Chairman of the Committee
Mr. Premchand Godha	-	Chairman & Managing Director
Mr. Ajit Kumar Jain	-	Joint Managing Director
Mr. Prashant Godha	-	Executive Director

**3. Average net profit of the company for last three financial years: ₹ 357.15 Crores.**

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

The Company was required to spend an amount of ₹ 7.14 crores as CSR expenditure for the financial year ended 31<sup>st</sup> March, 2017.

**5. Details of CSR spent during the financial year:**

- a) Total amount to be spent for the financial year: ₹ 7.14 crores.  
Amount spent: ₹ 4.28 crores
- b) Amount unspent, if any: ₹ 2.86 crores.
- c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs 1. Local area or other 2. Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period (₹ Crores)	Amount spent: Direct or through implementing agency
1.	Promotion of Education, Vocational Training and Skill Enhancement Projects	Promotion of Education, Vocational Training and Skill Enhancement Projects	Rajasthan	Budgeted by Charitable Trust	Direct expenditure on projects or programs	3.00	Thru Charitable Trust
2.	Education/ Healthcare / Vocational Training & Skill Enhancement	Healthcare/ Vocational Training & Skill enhancement	Maharashtra	Budgeted by Charitable Trust	Direct expenditure on projects or programs	0.55	Thru Charitable Trust
3.	Education / Healthcare / Rural Development and Sports/Animal Welfare/Natural resource conservation/ drinking water/ sanitation/ national heritage, art and culture	Education / Healthcare / Rural Development and Sports/Animal Welfare/Natural resource conservation/ drinking water/ sanitation/ national heritage, art and culture	Madhya Pradesh, Maharashtra, Orissa, Gujarat, Sikkim, Uttarakhand, U.T. of D&NH, etc.	Budgeted by Company	Direct expenditure on approved CSR projects or programs	0.73	Directly by Company
<b>Total</b>						<b>4.28</b>	

**6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report**

There is a deficit of ₹ 2.86 crores in the Company's CSR spent during the financial year under report. In view of the ongoing US FDA regulatory issues faced by the Company coupled with pricing pressure on products sold by the Company due to Governmental pharma policy changes across the globe as well as increased competition in the market place, there is profitability and margin pressure on Company's business which has impacted the Company's ability to spend the required amount under its CSR activities.

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company**

The CSR Committee of the Board confirms that it has implemented and monitored the CSR activities in accordance with and in compliance of CSR objectives and CSR Policy of the Company.

Mumbai  
28<sup>th</sup> May, 2017

For and on behalf of the Board  
**Premchand Godha**  
Managing Director / CEO

**Dev Parkash Yadava**  
Chairman CSR Committee

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## INTERVIEW QUESTIONS

1. Does the company fall in ambit of 2% for carrying out CSR activity?
2. Do Ipca have the CSR committee?
3. Does Company have CSR policy?
4. What are the areas of CSR operations?
5. What kinds of activities are carried out under CSR?
6. How many times the CSR activities are conducted annually?
7. Is there a procedure for any corporate tie up in terms of CSR?
8. What are the requirements for conducting the CSR activity?
9. Where are the places where the company conducts the CSR activity?
10. How Does CSR work at various Locations?
11. What are the future for expansion for CSR base if any?

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# **Sustainability and Organizational Learning - Strengthening the relationship**

**Mr. Anthony Colaco**  
Assistant Professor, DSIMS

## **Abstract**

While various research studies focused on topics on organizational learning and corporate sustainability as separate areas of interest, a few studies have attempted to study the interrelationships between these two subjects. Enhancing understanding of the link between these two concepts is important in further exploring the question of how organizations can benefit from organizational learning in their efforts towards achieving sustainability. Especially, when to be sustainable, organizations must not only meet economic, environmental, social and governance requirements but also learn to embody them in their practices and values. Organizational learning includes creating, retaining and transferring knowledge to benefit individuals, groups and organizations. There are clear and definite links between sustainable development and organizational learning. Organizational learning needs to address the implications of balancing the demands of sustainable development and at the same time deal with the dynamic complexity of the current business reality at local. The purpose of this paper is thus to draw lessons learnt from organizational learning that can be applied in responding to challenges of achieving sustainability and exploring areas for future research.

**Keywords:** Organizational learning, sustainability, sustainable development, triple bottom line

## **INTRODUCTION**

There is a growing concern about the environment amongst the citizens of the world. The voices demanding that businesses be aware of the ecological and social impacts of their business activities while maintaining their profitability are growing stronger by the day. As Naude (2012), points out that though information is freely available but there seems to be lack of wisdom when addressing some of the key inter-related challenges such as climate change, loss of biodiversity, depletion of natural resources, and many more. This is nothing but the impact of consumption driven and dependent lifestyles on sustainability. Moreover, businesses function in a time of uncertainty, contested knowledge and high levels of complexity (Funtowicz & Ravetz, 1993; Wals & Schwarzin, 2012). In an uncertain and dynamic environment the strategies and

policies adopted by the organization need to be constantly evolving, learning, adapting and refined if sustainability is to be achieved.

It therefore becomes imperative that businesses strive to move away from the traditional business strategies where the ecological considerations have little part (if at all) to a strategy making in which people, planet, and profits are considered appropriately. In other words organizations need to be focused on becoming sustainable. A growing number of companies worldwide have engaged in serious efforts to integrate sustainability into their business practices (Jones, 2003).

Sustainable means, “capable of being sustained...of, relating to, or being a method of harvesting or using a resource so that the resource is not depleted or permanently damaged...of or relating to a lifestyle involving the use of sustainable methods” (Merriam-Webster, 2013). The Oxford dictionary’s definition is similar: “able to be maintained at a certain rate or level...conserving an ecological balance by avoiding depletion of natural resources...able to be upheld or defended” (Oxford, 2013). One can look at sustainability then as something that can be maintained at a certain level without being depleted of resources and that has a commitment to sustainable processes. Obviously, the most important tool with which organizations attempt to achieve this transition is organizational learning structures and processes. The purpose of this paper is to study how organizational learning can help organizations towards achieving sustainability and the extent to which the relationship between organizational learning and sustainability can be strengthened.

### **Triple Bottom Line**

The ‘triple bottom line’ (TBL) catchphrase was coined by Elkington in 1994 to expand the environmentalist agenda of those working towards sustainability so that it more explicitly incorporates a social dimension (Elkington, 2004). For Elkington, it is the “social justice” dimension that completes the triple bottom line, and is the element of sustainability that businesses “preferred to overlook” (ibid., p. 71). To be sustainable, organizations need to think beyond ‘the bottom line’; maintaining financial certainty into the future will not be enough. For organizations to continue to function in the long term, they need to take actions to ensure that they contribute to the sustainable management of natural and human resources, as well as contribute to the well-being of society and the economy as a whole. Sustainability is a social goal. However for society to have a sustainable future, we are constrained by the ability of the global environment to have a sustainable future. Social sustainability is dependent on the ecological carrying capacity of the global ecosystem, and we must operate within the confines of that global system. On the other hand, the way the economy runs is decided by society. The economic system is a social construct, and we can change the way the economy functions to further the chances that we will have a sustainable future.

The TBL approach looks at how corporations manage and balance all three responsibilities (economic, environmental, and social) and attempts to reconcile these inter-related spheres of activity for a more balanced view of overall corporate performance (Sauvante, 2002; McDonough and Braungart, 2002).

### **Problem Statement**

In the path to a sustainable world, corporations have both an important responsibility and resources to take necessary actions (Shrivastava, 1995). Most of the times businesses do not integrate greening with their strategies (Hart, 1997), and do not link environmental and social aspects to the financial success (Figge et al., 2002). Although there is a huge potential for companies to take advantage of environmental opportunities, such as cost savings and revenue growth, most companies do not have a vision and road map to sustainability (Hart, 1997). There is a strong need for studies proposing a strong linkage between organizational learning and corporate environmentalism in the literature. Understanding the dynamics of these concepts and their interaction can provide valuable insights to guide managers.

### **Literature Review Sustainability**

Sustainability is defined as a holistic body of knowledge and understanding for practice that meets the needs of current and future generations (World Commission on Environment and Development, 1987). A contemporary definition of sustainability relevant to organizations is given in Smith and Scharicz (2011, pp. 73-4) as: "the result of the activities of an organization, voluntary or governed by law, that demonstrate the ability of the organization to maintain viable its business operations (including financial viability as appropriate) whilst not negatively impacting any social or ecological systems". This definition is based on the work of the Brundtland Commission (United Nations Department of Economic and Social Affairs, 1987) and that of Elkington (1999). Over the years sustainability has been connected to everything from a certain kind of economic development to corporate promises about improved supply sourcing. But despite the apparent ubiquity of the term, the concept of sustainability has come to mean a number of specific things (Portney, 2015). Neither there is complete agreement about the definition of sustainable development due to different and sometimes incompatible interpretations. With multiple definitions and interpretations of sustainability, there is agreement that there is neither a single definition nor process that will realize sustainability (Wals & Swarzin, 2012). Scientists (Jepson, 2001; Bell and Morse, 2003) agree that there is no one single universal method how to integrate sustainability principals in the organization, city, region or country's developing system, therefore no unified decision is able to be made.

However there is a growing consensus that such a definition and understanding must contain economic, social and environmental dimensions (Esqueret al., 2008; Valezquez, et al., 2011). Moreover a considerable consensus has evolved over time

to support the overall view that it is morally, ethically and economically wrong to treat the world as a business in liquidation (Velazquez, et al., 2011; Kliucininkas, 2001; Prughet al., 2000).

Business organizations have thus reached a point at which they will either start including the natural environment into their strategies, or, they will face to be blamed by the public for contributing towards the environmental problems (Sandhu, 2010). Banerjee (2001) points out that the external environment of the business is changing due to increased regulations, public environmental policies, growing public awareness on environmental issues, pro-environmental consumer behaviors, and environmental management norms and standards of the industry. There is increasing pressure on companies to operate in an ethical manner and to consider more than the simple profit-related bottom line of their business operations (Smith & Sharicz, 2011). It is not just about being green or saving the planet: it is about enabling men and women within an organization to create a new business strategy framework attuned to the world around them, one that is flexible enough to respond to change and focused on the long view. Unless companies take into account the massive changes happening in society and on the planet, short-term profits soon will disappear.

The increasingly urgent demand to understand the complexities of climate change is setting research on sustainability into highly specialized directions, with little capacity within these various sub-disciplinary areas to explore what is equally a social, environmental, and economic problem (Benn and Martin, 2010). As a result, there is an emerging trend among business firms to address environmental concerns and integrate environmental challenges into their strategy formulation. Business firms must take into consideration the environmental concerns of its diverse stakeholders and convert them into strategic actions which consequently would improve its environmental performance and its relation with the key stakeholders (Banerjee, 2002).

Banerjee (2002) further emphasizes that corporate environmentalism provides the business firms competitive advantage by providing strategic capabilities such as continuous innovation, lower costs of compliance, and higher-order learning. It comes as no surprise then that a global study reported in the MIT Sloan Management Review and Boston Consulting Group (2011) indicated that companies were adopting sustainability practices at a rate that is faster than expected. Most of the participating companies view sustainability as a core business activity which is as equally important as marketing, logistics and human resource management.

It augurs well as a sustainable organization is constantly able to find a dynamic equilibrium and successfully balance the economic, social and environmental dimensions. In essence it means that this balancing process may require a shift from the maximization profitability and 'doing things better' to maximization of meaning and value, and 'doing better things' by learning and evolving.

## **Organizational Learning**

Organizations do not exist in isolation nor function in silos but are complex adaptive systems and in symbiosis with their environment. In addition, this environment is increasingly challenging, highly competitive, very dynamic and demanding. Organizations also face many challenges such as global political, economic and social turmoil, technological complexity, and changing lifestyles and expectations. Furthermore, organizations operate in constantly changing information-based, knowledge-driven and service intensive economies which require speed, flexibility and continuous renewal, legislative changes, management and organizational changes.

In order for organizations to survive and maintain their competitive advantage in such rapidly changing and very competitive business context they need to re-assess objectives, operations and management orientation. Organizations need to make a shift from the traditional disciplinarian, command and control philosophies of managing employees to an approach where employees are regarded as an intangible asset and an important source of sustainable competitive advantage. This means that organizations need to develop the creative potential of the organization through encouraging creative new ideas, innovation, autonomy and entrepreneurship. Fostering learning in organizations has emerged as a critical challenge for managers given the important role it plays in encouraging creativity and innovation (Philips, 2006; Naudé, et al., 2011)

Organizational learning organization is an organization where the core assumptions about the business and its purpose and the mental models of individuals are challenged, fundamental change and new ways of thinking is fostered, systems thinking is integrated, there is a culture of engaging extensive collaborative activity combined with learning and experimentation.

Organizational learning occurs when individuals gain knowledge and experiences, thereafter learn from these which create new knowledge and then embed this knowledge in the organizational systems, processes, policies and procedures. Embedding knowledge ensures that the content is captured and accessible even after the employee has left the organization. Learning is usually demonstrated as changes in knowledge, attitude and behaviour. Organizational learning includes creating, retaining and transferring knowledge to benefit individuals, groups and organizations. Knowledge can be transferred between individual employees, within and between units. Through knowledge transfer, individuals, teams and units could learn from others (Naude 2009; Senge, 1990; Jamali, 2006; Lopez, 2005; Sun & Tse, 2009; Hatch & Dyer, 2004; Easterby-Smith, et al., 2000; Argote, 2011; Argote & Ingram, 2000). It is pertinent to note that learning occurs in rich social contexts from a diverse range of approaches, philosophies, interests, values, beliefs, and inequities rather than a vacuum (Wals & Smith, 2012; Wals & Jickling, 2002).

It can thus be inferred that learning in organizations changes what individual employees and teams do and how they view themselves and their context. It seems that learning invites critical reflection, changes discourse and acts as a negotiating platform to individuals and teams (Fletcher & Watson, 2007; Cortese, 2005; Hemetsberger & Reinhardt, 2006; Hughes, 2000; Bryans & Mavin, 2003; Driver, 2012).

### **The Need**

Over a period of time authors (Senge & Carstedt, 2001; Molnar & Mulvihill, 2002; Jamali, 2006) have emphasized the importance of organizational learning in the quest for SD. Links between organizational learning and SD have indicated increasing convergence and that organizational learning enables individuals, teams and organizations to better meet the challenges of SD and a tri-dimensional and triple-bottom line balanced approach to the implementation of SD (Smith & Sharicz, 2011)

Given the general buzz around sustainability, the lack of academic focus is surprising; however, this may be due to the lag in initiation of research projects concerning sustainability – a subject that only became front-line news in the last five years (Smith 2012).

A search for papers addressing the combination of sustainability and organizational learning yielded even more depressing results, and relatively few papers were even found addressing organizational learning specifically (Smith 2012).

Perhaps there is a feeling, as Yeo (2007) has suggested, that the notion of organizational learning has been over-emphasized in much of the management literature, or maybe it has simply become an unfashionable topic.

There are some unresolved questions in regard to how organizational learning is being applied to organizational sustainability and need to be studied if the interrelationship needs to be strengthened.

### **The Interrelationship**

The capacity of an organization to learn effectively is believed to play an essential role in corporate renewal, entrepreneurship, organizational innovation and sustainability performance (Natrass and Altomare, 1999). Natrass and Altomare (1999, p. 5) stress the importance of organizational learning in the pursuit of sustainability:

“Our research has shown that for those business corporations that make the commitment to sustainable development, the understanding and practice of the organizational learning disciplines will be the indispensable pre-requisites of a successful transformation to sustainability.”

S. Bell and S. Morse (2003) state, sustainability planning is just a technical means. For the process to go to practice (to become the theory in use) it should be desirable and understandable for everyone in the organization: for responsible leaders, authorities and managers in particular.

Appealing to this, P. Senge (2008), S. Bell and S. Morse (2008), P. Juceviciene and V Burksiene (2009; 2012) offer organizational learning for sustainable development as an appropriate measure to set awareness and understanding of the concept within the organization. Moreover organizational learning takes place at individual, group and organizational levels (Nonaka, Toyama & Byosere (2001), Vera & Crossan (2003)). Burksiene argues that individuals with basic sustainability knowledge (per se) are very useful organizational learning for sustainability (Burksiene, 2011; 2012). S. Bell and S. Morse (2003), V. Burksiene and P. Juceviciene (2010), V. Burksiene (2011; 2012) argue that organization learning is the best measure for integrating sustainable development into organization's culture. According to D. S. Gray, L. Colucci-Gray and E. Camino (2009), M. G. Edwards (2009), learning for sustainability must take place at three levels: individual, organizational and social as well as in three related areas of mutual knowledge and experience: understanding, concept and practice.

There are clear and definite links between sustainable development and organizational learning. Within the context of a tridimensional approach to sustainable development, organizational learning needs to address the implications of balancing the demands of sustainable development and at the same time deal with the dynamic complexity of the current business reality at local, national and global levels. (Naude2012). Burksiene (2016) emphasizes understanding of the process of organizational learning for sustainable development and the role of individuals with the basic sustainability knowledge is important for the organization managers responsible for organization sustainable development.

Sustainable development is not maintaining the status quo but a continuous process of co-evolution within a changing environment. This needs a dynamic process underpinned by organizational learning to create new approaches, structures and policies. Burksiene, (2011; 2012) argues that appropriate cognitive and behavioral knowledge and systemic thinking are very important for learning for sustainable development. Thus useless (and maybe destructive) cognitive and behavioral unsustainable knowledge must be replaced with new cognitive and behavioral knowledge based on sustainability. Linear thinking must be replaced with systemic thinking based on ability to cohere three key areas of sustainable development: economic, social and environmental to the unit of a triple bottom line.

Within a society where there are ever increasing sustainability challenges some SD educators and policy-makers are creating an increasing awareness and are emphasizing that in general people need to develop capacities and behaviors that will enable them to contribute to sustainability compatible lifestyles, systems at both an

individual and collective level. Sustainability is very complex and is influenced by different internal and external stakeholders in different contexts who have different beliefs, needs and values. In addition, the world is constantly changing and there seems to be an ever-present uncertainty. Along this line of thinking, it is clear that the traditional problem-solving approach (which reduces the world and its challenges to solvable and manageable problems) has become ineffective. Consequently, it is evident that leaders, managers and practitioners cannot approach SD as problems or issues to be resolved and managed. There needs to be shift from “doing things better” (as in the traditional problem-solving approach) to “doing better things”. This shift necessitates building sustainability competence. Sustainability competence includes the capacities and qualities individuals, teams and organizations need to enable them to effectively and efficiently address SD challenges internal and external to the organization. The shift to SD needs a reflexive, systemic approach and an ever-changing way of thinking. In addition, sustainability competence should equip individuals, teams, organizations and communities to be more resilient and reflective and to be more effectively equipped to manage and respond to change and the emergent crises and to deal with conflicting standpoints and perspectives. The dilemma is that as soon as the set challenges have been met, the context and the related challenge would have changed or shifted once again (Wals & Jackling, 2002; Wals & Schwarzin, 2012; Peters & Wals, nd; Beck, 2008; Wals, et al., 2009). Organizational learning provides the opportunity and the avenue to develop sustainability competency and address the SD challenges. Senge and Carstedt (2001) recommend nurturing core learning competencies in facing the sustainability challenge and building sustainable enterprises. Senge et al. (1999) argue that sustainability can be fostered through the development of an organizational learning culture that embraces/fosters learning and change.

Peters and Wals (n.d.) list five aspects of sustainability. Each of these five aspects leads to a challenge for capacity building and learning within individuals, organizations and society as a whole. These five aspects include:

- Indeterminacy which means that it is impossible to know in advance what the best course of action for a particular challenge or issue is.
- Value-ladenness which refer to the crucial influence of values on behaviors, lifestyles and systems.
- Controversy means there is a lack of and it is impossible to obtain full consensus among all stakeholders.
- Uncertainty which means that it is not possible to predict the exact or even near exact impact of a selected strategy, activity and/or action.
- Complexity which refers to the complicated interactions among a range of variables which are operating within different intertwined scales.

Sustainability competence need to adequately deal with these five features. Each of these five aspects and competing claims represent a challenge for learning in people

and organizations. At the same time competence is needed to develop more resilient and reflexive individuals, teams, organizations and communities that are better enabled to anticipate change and respond to emergent crises (Wals & Schwarzin, 2012).

### **Guidelines for implementing Sustainability and Organization**

- **Define SD and Organizational Learning**

To effectively implement SD and organizational learning and attain success leaders need to pay close attention to how these concepts are defined, understood and interpreted in the organization. There is a diverse range of SD definitions which means that even when the leaders and top management initiate a SD approach there might be confusion and misinterpretation regarding the concept. Consequently, this leads to a lack of clear guidelines for implementation and a clear articulation of business initiatives. Therefore, it is advisable as a first step that leaders and managers in organizations, internal stakeholders (such as employees) and external stakeholders (community members, policy makers) develop a commonly agreed upon, well-defined and clearly bounded interpretation for SD within the context of a learning organizational culture for a particular company. Once an agreement on the interpretation of the concepts is reached, it is important to implement this interpretation and understanding consistently throughout all the company strategies, activities and levels of the company (Wals & Smith, 2012; Wals & Jickling, 2002; Smith & Sharicz, 2011; Daub & Scherrer, 2009; Naudé, 2008; Naudé, 2011). Similarly, leaders and managers need to develop and integrate a common understanding and definition of organizational learning within a SD context in consultation with the practitioners in the organization.
  
- **Use a Triple-Bottom Line Approach to SD Combined with Organizational Learning**

It has become fashionable recently that the leaders and managers use a tri-dimensional triple-bottom line approach given that this approach has become a competitive advantage for many organizations for sustained profitability and growth. It is important that the economic, social and environmental dimensions are equally valued and managed in a balanced manner. The tri-dimensional triple-bottom line approach provides the opportunity to measure and evaluate organizational results in terms of profits and profitability, social responsibility and impact on the environment. In using a tri-dimensional triple-bottom line approach it provides a basic practical framework and guidance for organizations on how to proceed to be socially and environmentally responsible as well as economically effective. This framework also allows the organization to measure, evaluate and make statements related to the organization's performance regarding SD. In an attempt to implement a tri-dimensional triple-bottom line approach to SD the principles and notions of organizational learning is helpful. These notions and principles include that individuals and organizations are able to examine the causes of mistakes, take corrective action and learn from these lessons. Within an

organizational learning approach decisions cannot be made based on a local and short term view as this will lead to disaster over the long term. Consequently, a systems thinking approach provides more effective results and outcomes. This means that individual persons or organization should not attempt to solve a problem alone but there needs to be a combined effort. Organizational learning should assist individuals and organizations to improve their processes, manage the challenges of SD and address increasing competition (Ramirez, 2012; Smith & Sharicz, 2011; Sisaye, 2011; Smith, 2012; Smith, 2011).

- **Integrate SD and a Learning Organization Approach into the Business Plan**

It is imperative that company has enough knowledge about the social and environmental context within which the company operates (Daub & Scherrer, 2009).

There needs to be a clear strategy about SD and organizational learning integrated into the DNA of the core business plan and must be hardwired into the corporate structure, every aspect of the management systems and every level of the company. It must not be added work and it needs to eliminate trade-offs between performance, value and sustainability (Smith & Sharicz, 2011; Epstein, et al., 2010; Patra, 2008).

This integrated approach demands an integration of economic, social and environmental goals and objectives combined with a clear link with the company budget and investment initiatives. Furthermore, the selected approach needs to be based on a long term approach, medium term goals and short term initiatives. This approach should provide a basis for decision-making and an operational business plan which includes specific goals and related time-frames and needs to be managed as repeated cycles of analysis, decision-making, implementation, monitoring and evaluation which is embedded at all levels of the organization (Meadowcroft, 2007; Wasdell, 2011).

- **The Role of Leadership**

Effective leadership helps initiate, implement and evaluate SD initiatives, programs, strategies and activities within an organizational learning context. Leaders in companies need to understand the current business trends and how these impact on their particular company, strategic business opportunities, and the community in which the company operates. Leaders who are pursuing a SD and organizational learning approach need similar skills to other effective leaders. However, they need an additional mindset to build capacity in their educational, communication, performance management systems and engage in broad stakeholder engagement (Smith & Sharicz, 2011; Epstein & Buhovac, 2010; Epstein, et al., 2010; Naudé, 2011; Harmon, et al., 2010).

To enhance SD and organizational learning, leaders need to focus on diversity and creating deliberate connections where a variety of interactions and learning could occur spontaneously among staff, between staff and customers and suppliers, between staff and community or staff and nature (Smith & Sharicz, 2011; Fenwick, 2007).

Effective leaders need to implement and demonstrate reflexive abilities and these include a systems thinking approach, embracing diversity and managing risk, balancing both global and local perspectives, developing a new language and meaningful dialogue, and emotional awareness. Authentic, ethical and/or transformation leadership styles have all either directly or indirectly been linked to effective implementation of SD (Angus-Leppan et al., 2010).

Leaders need to lead the paradigm shift in thinking and must push the boundaries to optimize opportunities for creating a better world, adopt and accept a SD approach which includes addressing human rights and climate change and at the same time develop future leaders who share this approach.

- **Build Internal and External Partnerships**

Companies do not operate in a vacuum but in an interconnected and global context which means that they need to build effective partnerships with the relevant stakeholders, such as the community in which the company operates, policy makers, unions, government, and others. This line of thinking implies partnerships based on open and honest meetings and communication across personal, company, regional and country. This can be achieved by having a multi-disciplinary approach with strategic networks and alliances, collaborative innovation, multi-stakeholder participation, developing policies, procedures and practices to add mutual value and maximize benefits to communities instead of duplicating efforts and competing with each other among others. Participation between the different internal and external stakeholders provides knowledge and input which enables the organization to develop policies, reframe problems and find solutions (Loorbach,2010; Hopkins,2009).

- **Create an Environment of Psychological Safety**

The leaders and managers need to create, develop and maintain a context and a culture within which organizational learning is encouraged and promoted. Employees need to experience a context where they feel psychologically safe to learn and experiment with different ideas for organizational learning to be effective. The context facilitates learning processes and outcomes (Bunderson & Sutcliff, 2003; Edmondson, 1999; Argote, 2011). There is the need to create an organizational culture that supports SD behaviours, enhances development of the competencies and knowledge related to sustainability adoption, encourage learning, innovation and reflective thinking.

## **CONCLUSION**

Learning at the organizational level involves creating systems/processes, which put in place -term capacities to capture knowledge, to support knowledge creation and to empower continuous transformation. In their pursuit of sustainability and TBL integration, organizations must therefore efficiently and effectively create, capture,

harvest, shape and apply sustainability-related knowledge and insights. They must also have the capacity to bring that knowledge to bear on problems and opportunities as they emerge, and develop a dynamic capability to continuously replenish it.

Sustainability is an evolutionary, unfolding process of change. If conceived this way, it becomes clear that an openness to change and learning are basic pre-requisites in the transition to sustainability. This rather simple rationale in turn explains the salience and usefulness of organizational learning in promoting sustainability in general and TBL integration in specific. It has been suggested that organizational learning is a distinct organizational capability – one that can be nurtured over time and one that can be directed and channeled in the pursuit of sustainability (Meppem and Gill, 1997).

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# Sustainability Reporting for Securing Competitive Advantage

**Dr Priti Pandey**

Associate Professor, DSIMS

## Abstract

Increasingly global companies understand that a commitment to sustainability reporting can contribute to financial success. Such transparency allows companies to reach a broader range of investors and customers, enhance operational efficiency, improve brand positioning, and develop leadership in the market place. Although social and environmental disclosure is not a new phenomenon but was rejuvenated after 1990s. Many companies around the world publish reports discussing their economic, social and environmental performance.

In the era of globalisation and harmonisation of accounting system the world over, much is desired in terms of reporting procedure adopted by corporates for highlighting their contribution for sustainable development. The purpose of this paper is to enable understanding the significance, relevance of sustainability reporting. An attempt is made to review the available literature to study the trends and shortcomings in this area. Also comparative study between the corporates in India is taken up to emphasize upon the status of reporting in the emerging markets.

**Key words:** Triple Bottom line, Global Reporting Initiative (GRI) , Social disclosure, Environment performance, ESG (Environment, social, governance) factors.

## INTRODUCTION

Reporting for the financial performance has been the only medium of communication channelised through the corporates towards its stakeholders. However information about the environmental and social impact of the organizations for stakeholders' associations or for the community in which they are operating is becoming a crucially important element in current times. This extended reporting is forecasted as per the assumptions which the companies are doing as a part of the broader social responsibilities instead of merely focusing on the enhancing of the wealth for its shareholders (Gray et. al., 1987).

Corporate social responsibility is regarded as the ideology by which firms are able to stress on the accountability to its various stakeholders by a proper blend of its environmental and social issues also in its reporting. It is a concept which is seen to be present for such a long time. However, lately such ideologies are seen to be gaining

more importance and due to this, there is special focus being given by the firms. The prime cause for the increase in the interest is due various factors:

1. Due to the breakdown of the big companies such as Enron on account of the immoral acts or performance. Various environmental issues that are seen as the growing problems such as the climatic changes on account of the global warming etc.
2. Increase in global business tie-ups which have resulted in the situations leading to social disputes. Excessive pressure by investors that are having the CSR focus
3. Correlation between the industry, community and government is seen to be changing in which there are anticipations of valuable inputs to be provided by companies for the community.
4. Mass media and IT facilities are responsible for creating better awareness among people and to have comprehensive knowledge about the various environmental problems that are seen to be growing to the various activities of the firms.

It is such matters which are seen to be increasing and is responsible for the matters concerning sustainable development.

### **Theoretical underpinnings for Disclosure policy**

Hogner (1982) found that social reporting practices were followed in US steel company since 1905. Later in a study made by Unerman (2000a, 2000b) he found evidence of social disclosures made by Anglo-Dutch oil company Shell that dated back to 1987.

Therefore, social and environmental disclosure is not a new phenomenon but got a new avatar after 1990s in the form of a mandate in most of the countries and rising interest amongst investors. Many companies around the world publish reports discussing their economic, social and environmental performance. But a considerable argument is often made that whether companies should embrace sustainability as a coveted corporate goal or simply aim at increased and continuous profitability. The argument will be taken up further in this report.

The legitimacy, stakeholder and institutional theory that provide theoretical underpinnings of why companies might opt for voluntary disclosures are derived from the political economic theory. According to the legitimacy theory, a company would make certain environment and social disclosures if the management perceived that this is what is expected by the community. This theory represents that the society has implicit and explicit expectations about how the organization should conduct its business activities. The management perceives that failure to the disclosure can impact

the support that company receives from the community and hence, impacts company's overall reputation in market. It is argued that company's reputation has some economic value attached to it therefore; management will be bound to disclose environmental reports in order to protect and enhance the company's value and income generation among its economically powerful stakeholders.

According to Gray, Owen and Adams (1996); organizations have many responsibilities to be fulfilled and along with this comes the right of stakeholders who demand the right to information from the organization. Different stakeholders have differing expectations from the organization and the organization should make an effort to satisfy the expectations of all stakeholders, including the society at large. This point is further emphasized in the stakeholder theory's ethical branch wherein there is no differentiation between primary and secondary stakeholder. According to this theory all stakeholders have the right to be treated equally and the management has a fiduciary relationship to all stakeholders. Another theory in support of environmental disclosure is the institutional theory. This perspective is based on the assumption that companies will develop or adapt to social and environmental reporting if other companies within the industry do so. The management of the company faces the fear that if the company does not emulate the other organizations it will have to face disapproval from some of their economically powerful stakeholders.

According to a study conducted by Unerman and O'Dwyer (2004) it is perceived that there are certain future negative outcomes from industrial activity and consumption and therefore, in order to convince the economically powerful stakeholders that company's products carry low risk to society management uses environmental reporting. An alternative perspective of Milton Friedman's theory is that organizations should be conscious of the environment around them. Companies should take into consideration the effect of their new plans on the environment and society. This way they will be able to gain support from community and potential customers, it would be difficult for the company to survive when it is opposed by those around it. According to a survey conducted across world's 20 large economies three in five undergraduates would choose to work for a company that is ethically, environmentally and socially responsible.

### **Directing sustainability reporting towards gaining comparative advantage**

There are many companies such as Unilever, Starbucks, Body Shop and others who are making conscious efforts towards the environment by either implementing waste minimization policies or using environmental friendly products such as eco-friendly cups, bags and other items.

With CSR becoming more institutionalized there are efforts being made by industries, government and other bodies to resolve issues relating to environmental reporting. It

has become a worldwide agenda. An effort towards this was made in 1992 'The Earth Summit' that invited thousands of people to make difficult decisions that were required to ensure a healthy planet. The Summit's message reflected problems faced due to damage caused to the environment. It emphasized on the need to redirect international and national plans and policies to ensure that economic decisions take into account the environmental impact. It encouraged the governments, businesses, industries and non-governmental groups to join hands and social and economic changes required for sustainable development.

Another strategic significance of sustainability reporting is its impact on its end customers. The corporates are now becoming extremely sensitive to the need of social reporting as it has ramifications on the comparative advantage that an organisation has in terms of sustained market share and customer patronage .

## **OBJECTIVE OF THE STUDY**

There are certain limitations of traditional financial accounting methods that need to be addressed as they may not be able to effectively reflect the social and environmental impact of organizations. Financial accounting focuses only on monetary transactions therefore, if a business reduces wastage; utilize reusable items this cannot be measured in monetary terms. Another concept that raises difficulties in the path of environmental disclosures is the 'materiality concept'. This concept states that only those transactions should be recorded in the books of accounts that are related to the business, all other transactions need to be ignored. Further, financial accounting adopts the 'entity assumption' wherein the company is treated separately from the owners and the stakeholders. This again emphasizes that transactions that do not have a direct impact on the business are to be ignored. Another issue is of 'measurability' which states that it is necessary to measure any transaction that is to be recorded with reasonable accuracy and environmental expenses cannot be measured accurately therefore, they need to be ignored in order to avoid any sort of manipulation in the accounts. It is also argued that air, water and other natural resources are shared by the organization with other in the society, the company does not control such assets and therefore, the company cannot record such assets in the books of accounts as its own and cannot record any expenses related to such assets as company's expenses.

On the basis of the above argument it can be concluded, that with increased emphasis on CSER activities in today's scenario by companies and governments around the world environmental reporting forms an important part of the annual report. As it is rightly said by Drucker (1992), "economic responsibility is the first responsibility of a business. A business that does not show a profit at least equal to its cost of capital is socially irresponsible. It wastes society's resources...But economic performance is not

the sole responsibility of a business...Power must always be balanced by responsibility, otherwise it becomes tyranny.”

In the light of the above arguments, it is an attempt to enable understanding the significance, relevance of sustainability reporting. An effort is made to review the available literature to study the trends and shortcomings in this area. Also comparative study between the corporates in India is taken up to emphasise upon the status of reporting in the emerging markets.

## **METHODOLOGY OF STUDY**

The developments in the area of sustainable reporting have been discussed through the study of academic contributions the world over. In order to further review the role of Indian emerging market in ESG disclosures, a comparative study of annual reporting system of four Indian companies following atleast triple bottom line approach of reporting is undertaken.

The companies under study are –

- a) Housing Dev Financial Corporation and ICICI Bank in Financial sector
- b) Infosys and Tata consultancy in Info-tech sector.

The analysis is made by taking up financial reports for 20016-17 & 2015-2016 and S & P BSE ESG Index fact sheet 2017.

## **LITERATURE REVIEW**

Milton Friedman (1962) states that ‘there is one and only one social responsibility of business: to use its resources to engage in activities designed to increase its profits so long as it stays within the rules of the games, which is to say, engages in open and free competition, without deception or fraud’ (Friedman, 1962, p 133). In ‘The Social Responsibility of Business is to Increase its Profits’, Friedman argues that believing that businesses promote ‘desirable social ends’ (like avoiding pollution)...‘undermines the basis of a free society’ and ‘preaches pure and unadulterated socialism’. The views of Friedman epitomises Stockholder Theory and directly supports the title quote in the sense that spending resources on reporting carbon emissions voluntarily (i.e. not stipulated by law), constitutes an unnecessary reduction of shareholder wealth. This is argued as violating a moral property right to their owners, by failing to adhere to the equity shareholders’ wishes to maximise the value of their shares. Whether this is the case and whether such a stance can be justified both morally and theoretically are the essential discussions of this paper.

Boesso and Kumar (2007) highlight how in recent years dissatisfaction with mandatory financial reporting has led investors, financial markets and other key stakeholders to demand that companies voluntarily provide more comprehensive information about their long-term strategies and performance. They also highlight how the demand for enhanced disclosures has been further fuelled by the increasing popularity of the 'stakeholder approach' that has resulted in a 'widespread realisation' that the interactions of a company are 'not limited to just shareholders' (Boesso and Kumar, 2007). This more holistic Stakeholder Theory view of the firm is the most obvious counter-argument to Friedman and Stockholder Theory. First constructed by Freeman (1984), the theory is based on the assumption that firms have responsibilities to all of those affected by the business itself. Adapted from Donaldson and Preston (1995) diagram on firm and its stakeholders, the work shows that there is extended interaction the firm has with different parties like Government, investors, political groups, employees, customers, trade associations, suppliers and community.

Under stakeholder theory, the business should be managed to balance the conflicting claims of these multiple stakeholders. This means that there will be instances when management is obligated to sacrifice the profit interests of stockholders for those of other stakeholders, thus in direct opposition to Friedman and Stockholder theory.

Within the context of the title quote, under stakeholder theory, the spending of resources to voluntarily report carbon emissions can be justified on the basis that is satisfying the needs of other stakeholders. These 'range from the government to local communities and from environmental groups to individual consumers and individual investors.' (Elliot and Elliot, 2008: p.812). Therefore, one can consider the act as an attempt to align the interests of the different stakeholders and therefore reduce the agency problem that arises. This correlates with Jensen and Meckling (1976) explaining how firms disclose information as an attempt to reduce agency costs. This is particularly interesting, as Friedman claims that spending resources on reporting pollution voluntarily is an agency problem in itself, in that the perceived interests of the shareholders are not being met by the people they appoint to represent them.

Signalling theory can also be used to explain why companies choose to voluntarily disclose information regarding carbon emission information. Akerlof (1970) described information asymmetry as a 'lemons' problem between seller and buyer. In this context, voluntarily disclosing such information as pollution can be seen as an attempt to reduce the information asymmetry that inevitably arises between the firm and its stakeholders. This becomes especially important to potential investors, particularly in companies where environmental policy can have a great effect on its profitability. Again, both Signalling and Agency Theory suggest that the firm has an obligation to indulge in the interests of other parties, beyond the current shareholders, thus aligning them firmly with Stakeholder Theory.

One can also highlight empirical studies into the trends of voluntary environmental

disclosure to suggest firms are abiding to these concerns from stakeholders. Gray, Reva and Lavers (1995) point out that environmental disclosure rose in the UK rose significantly through the 1980s and is no longer seen as a 'marginal activity'. Toms (2002), also studying U.K. environmental disclosure states that '...there is perhaps an expectation that some form of environmental disclosure, however limited it is, is emerging as minimum standard (Toms, 2002).

This idea regarding expectation leads to the concept of Legitimacy theory. As with Stakeholder Theory, Legitimacy Theory upholds that an organisation must have relationships not only with shareholders, but the public at large. Legitimacy theory posits that there is a 'social contract' between company and the society that requires the company to be responsive to the environment in which it operates in order to survive (Deegan, 2000). Therefore, a company would voluntarily report on activities that its management perceives as expected by the communities in which they operate (i.e. by its stakeholders). Mabus (2005) specifically highlights voluntary environmental disclosures, and states that they are a 'communication mechanism by which firms attempt to satisfy external pressures to conform to socially acceptable norms'. This can be used to explain the growing trend of companies to voluntarily disclose environmental information as highlighted by Toms (2002) and Gray, Reva and Lavers (1995)

However, another alternative explanation could be that the act of disclosure (particularly environmental) is merely an attempt by firms to reduce political costs. This is covered under the Political Cost Hypothesis under Positive Accounting Theory. Ness and Mirka (1991) highlight that by voluntarily providing positive environmental disclosures, a firm can reduce the risk of future wealth being expropriated from them (e.g. by pressure groups, additional taxes etc.) This, despite being a more cynical view of voluntary disclosure, still suggests an obligation to the wider world that includes, yet goes beyond, the shareholders.

A final point of discussion is that due to the weakness of legislation and law regarding environmental disclosure, firms have an obligation to voluntarily do so, on the basis that, by not doing so, it undermines the purpose of financial reporting. Issued by the European Commission, Recommendations on the Recognition, Measurements and Disclosure of Environmental Issues in Annual Accounts and Annual Reports of Companies (2001) highlighted 'a lack of explicit rules' that meant disclosures were 'insufficient or unreliable'. (Elliot & Elliot, 2008) to 'all the different stakeholder groups'. They recommended more explicit rules, and encouraged an increase into the level of voluntary disclosure.

Deegan (2002) in his analysis of why firms choose to disclose suggests that it is done on both moral (i.e. legitimacy theory/social contract) and pragmatic grounds (i.e. appeasing different stakeholders/asymmetric information). He states that 'several motivations simultaneously drive organisations to report...environmental information

and expecting one motivation might dominate all others would be unrealistic' (Deegan, 2002). Dunn (2009) pointed out that decreased costs through removal of environmental inefficiencies may lead to increased firms earnings and higher returns. Many consumers are also willing to pay higher prices for green products.

This can be seen as an ideal conclusion to the sentiment of this paper. Deegan's analysis does not lose sight that appeasing the shareholders and maximising their wealth plays an important part in determining whether resources should be spent on reporting pollution issues. However, it also justifies that morally and pragmatically, firms do have a duty to report such issues to increasingly concerned stakeholders.

### **Sustainability Reporting aids in gaining competitive advantage**

The intermittent global financial crisis over last two decades has highlighted the need to manage risk and has given new impetus to an old debate in the investment community on how to value environmental risks. While evidence increasingly shows that issues such as climate change and water scarcity pose material risks for companies, progress on evaluating these externalities has been somewhat slower, particularly in emerging markets. Emerging markets have grown at an unprecedented rate in the past 20 years, driven by investments made by both local investors and large institutional investors, however insufficient information on how companies in emerging markets manage environmental risks and opportunities hinders investors' ability to make sound long-term investment decisions. Understanding which environmental and social risks are material will help investors seek appropriate information from companies, assess corporate value, and focus investment to sustainable enterprise. As per the report of International Finance corporation (IFC) that supports World Resources Institute's (WRI) research on financial materiality of environmental risks in corporate valuation, "Company disclosure about sustainable development in emerging Asia is typically focused on community giving and philanthropic activities. In general, such reporting is of more interest to stakeholder groups such as local communities and employees than to investors. We found most of the sustainability information disclosed to be of limited relevance to mainstream investors." Indian companies as compared to other emerging Asian markets examined in this report were ahead of the field, with the majority producing sustainability reports that were evaluated as average or above-average and somewhat relevant to investors.

Investors and equity analysts in emerging Asia often obtain pertinent information on sustainability risks through non-public and formal channels. This practice likely gives some investors a competitive advantage. However, it does little to help tip the scale toward mainstreaming corporate sustainability reporting in the region. Drivers that mandate or encourage public sustainability reporting in India are as follows:

1. Mandatory Requirement:

a) The corporate governance code (2007) mandates listed companies to disclose environmental and social information in the Director's Report or the Management Discussion and Analysis section of the annual report.

b) The Companies Act (section 217) requires companies to report on energy conservation (measures taken, metrics, and results) in the Board of Directors' report.

c) SEBI's committee on corporate governance requires companies to submit quarterly report that should include a corporate governance report. In November 2011, SEBI mandated that listed companies must submit social responsibility reports, as a part of their annual reports. This requirement is initially only applicable to top 100 companies in terms of market capitalization, and will be extended to other companies in phases. SEBI believes that the implementation of the report or explain model has encouraged listed companies to report on ESG issues, which will further improve sustainability actions and create greater transparency for investors

d) Central government requires every organization to submit an annual 'environmental audit report' to the relevant State Pollution Control Board (according to Environment Protection Act, 1986). The report should focus on parameters such as water and raw material consumption, pollution generated, amount of hazardous and solid wastes used, impact of pollution control measures on cost of production and conservation and investment made for environmental protection.

2. Market Demand: Standard and Poor's ESG India Index rating is a viable tool for improving and converting public perception into capital value for a company.

3. Monitoring Institute: Institute of Chartered Accountants of India (ICAI) gives out annual Awards for Excellence in Financial Reporting," which includes criteria for environmental and social reporting.

4. Support organisations: The Confederation of Indian Industry (CII) has established the CII-ITC Centre of Excellence for Sustainable Development, as well as a Centre on Sustainability Reporting that assists companies to initiate or improve their environmental and social reporting.

In contrast to Emerging South East Asian markets, the level of corporate sustainability reporting by Indian companies is low, when compared to other advanced emerging markets such as Brazil. However, it is slowly improving and at least 12 Indian firms produced sustainability reports for FY 2008-09 based on adherence to the latest "G3" guidelines published by the Global Reporting Initiative (GRI).

## **Findings and Discussion with respect to Indian markets**

Indian corporates as a class, has become conscious of its responsibilities towards the society as one of its important stakeholders. Besides ever increasing presence of foreign investment companies that are signatories to the UN Principles for Responsible Investment (UNPRI), is mobilising ESG awareness amongst its Indian counterparts. The outcome is yet to be seen in domestic sustainable investments markets but the understanding of the relevance of corporate responsibility towards the community is making inroads.

The companies under study are a) HDFC and ICICI Ltd defined in Financial category as per GICS sector classification. b) Infosys AND Tata Consultancy Ltd under Infotech. The analysis is made by taking up financial reports for 2015-16 and 2016-2017 and S&P BSEESG index fact sheet 2017.

HDFC Ltd has a disclosure made in its annual report regarding its sustainability committee that is formed in order to meet its triple bottom line objectives. It provides disclosures related to environmental protection based on triple bottom line reporting. Bank is committed to identifying and supporting outreach programmes aimed at developing and advancing the community in this manner. The Bank works through partnerships with Non-Governmental Organisations (NGOs) as well as directly through its various businesses to create social value through its products and services. The Bank's Holistic Rural Development Programme (HRDP) is its flagship CSR initiative. This programme aims to improve the economic and social conditions of the villages where it operates. The focus areas of HRDP are Promoting Education; Skills Training and Livelihood Enhancement; Natural Resources Management; Healthcare and Hygiene; Financial Literacy and Inclusion. Under the programme, the Bank is working in over 500 villages across 14 states in the country.as voluntary disclosures. HDFC was ranked 1st as per S&P BSE ESG Index 2017,for its ESG practices .

On the other hand, ICICI's is also following the S&P BSE ESG index that prescribes triple bottom line . The company was ranked as 4<sup>th</sup> amongst the top 10 companies selected under the S&P ESG index in 2017.However its annual report (Director's report section) provides a brief insight on sustainability reporting based on the governance, social and environmental objectives. The company's annual report has disclosed information related to reduction in water and energy consumption. It has also made a disclosure related to its generation of employment opportunities and empowerment of women.

Corporate sustainability reporting is usually designed to serve a variety of audiences. The information disclosed by HDFC is sufficient for the community, investors, government and other stakeholders. Its report can be rated as a good report . HDFC's report provides descriptive picture of firm's level of exposure to sustainability risks

and opportunities and provides crucial insight into overall quality of management. The information disclosed by ICICI is sufficient although not lengthy. But overall it can be concluded that the data provided by both the companies is authentic and can be used to make an informed decision. The information provides the stakeholders authorization to hold companies accountable; it will help them gain an insight into the process of corporate goal setting, it will permit the investors to invest in companies that are environmentally responsive, it will help stakeholders analyze whether companies have met with the standards set for environmental protection and above all it will help the stakeholders be aware of the environmental risks. Such disclosures will help the companies protect their reputation from negative publicity arising due to an environmental issue.

Infosys is a company that has disclosed regarding different environmental issues as an additional segment with its Director's report. The organization has provided the reporting that is mandatory by law to be disclosed as per the notifications of Corporate Affairs (amended)

Infosys is a company which has managed to report all such information that is prescribed as per GRI (Global Reporting Initiative)G3 index. In this the organization has managed to earn several rewards on account of its disclosures however it is having lower level of efficiency in the environmental reporting. But Infosys is still seen to undertake various steps that are advantageous and are helping in the lowering of the prices. . It has been focusing primarily on providing of the best possible services for the customers in India. But comprehensively it is observed that its social and environmental issues are less to be seen and improper disclosures have been there. As per Gray et. al.(1995), it is the management of organization that is responsible for making comprehensive disclosures and giving the social reporting and environmental reporting as a part of its comprehensive reporting that is preferred by the stakeholders .

According to our analysis of the financial statements of both Financial services companies, the environmental related activities and environmental reporting was better than in infotech sector as their reporting was more transparent and were providing comprehensive disclosures by the company.

### **Challenges for Sustainability reporting**

Disclosing environmental information is a sensitive issue. Further, it is a time consuming process and requires great effort and from company's side. The company needs to maintain additional infrastructures in order to maintain sustainability. Following the triple bottom line reporting raises issues of selecting appropriate metric and providing equal information on each metric is difficult. Therefore, it is difficult to manage all three bottom lines appropriately. Then it is difficult for the companies to maintain continuity in its reporting that is producing reports at regular intervals,

setting targets and reporting back on progress. Another difficulty arises in comparability of reports as the disclosure level varies across sectors and across companies.

But there is another side to environmental reporting also. It is the demand of the current trends in market to provide environmental reports. Investors and other stakeholders have become demanding and require such reports. If a company can demonstrate a positive environmental image it can have a positive impact on the share price. It can provide strategic advantage to companies such as better reputation in market and good relationship with stakeholders. This will help improve company's credibility and provide it a competitive edge in terms of maintaining transparent reports.

Corporate sustainability reporting is usually designed to serve a variety of audiences. The information disclosed by HDFC is highly sufficient for the community, investors, government and other stakeholders. Its report can be rated as a good report. HDFC's report provides realistic picture of firm's level of exposure to sustainability risks and opportunities and provides crucial insight into overall quality of management. The information disclosed by ICICI is sufficient with the report can be classified as an average report. But overall it can be concluded that the data provided by both the companies is authentic and can be used to make an informed decision. The information provided provides the stakeholders authorization to hold companies accountable; it will help them gain an insight into the process of corporate goal setting, it will permit the investors to invest in companies that are environmentally responsive, it will help stakeholders analyze whether companies have met with the standards set for environmental protection and above all it will help the stakeholders be aware of the environmental risks. Such disclosures will help the companies protect their reputation from negative publicity arising due to an environmental issue.

## **CONCLUSION**

Sustainability reporting by a company provides vital information for investors, including insights on the sustainability issues facing it, as well as its strategic approach to mitigating environmental and social risks and taking advantage of opportunities. It can also present the impacts of extra-financial issues in a way that they can be, in some cases, translated into financial value and bottom line impact. In the developed world, corporate sustainability reporting from large public companies is a relatively well established practice. A growing number of investors explore corporate sustainability reporting seeking information that can shed light on a company's long-term prospects. But the examination of sustainability issues as part of the investment decision making process is not a fully established practice, though it's becoming increasingly important. Investor knowledge about incorporating environmental and social factors into

valuation is evolving. Therefore even high quality sustainability reporting may not influence investment decisions unless investors know how to interpret it.

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S & P BSE ESG Index - 2017

# **A Study on Buying Decision and Identification of Factors Related to Purchase of Instant Noodles**

**Dr. Chandrashekhar Kaushik**

Associate Professor (Marketing)

Durgadevi Saraf Institute of Management Studies, Mumbai

**Ms. Urvashi Gopalani**

Student, Durgadevi Saraf Institute of Management Studies, Mumbai

**Mr. Kartik Rawal**

Student, Durgadevi Saraf Institute of Management Studies, Mumbai

## **Abstract**

Indian FMCG market is highly fragmented. In this hyper competitive market Charles Darwin statement "Survival of the fittest" is highly applicable even in today's world. Marketers strive to target and position their products to create brand identity and therefore the process of building brand loyalty starts.

A research conducted in December 2016 by Mordor Intelligence on Instant Noodles industry in India "Analysis of growth and forecast (2017-2022) says, India is the most attractive noodle market in the world. In 2016, after Japan, Indonesia and China, India was the 4 largest consumer of instant noodles. There are around 10 brands of instant noodles available in India. Of late, instant noodle made from wheat flour was introduced by Patanjali named Patanjali Atta noodles.

This paper focuses on fast food item - "instant noodle". An effort is made by the researchers to study buying decision and identification of factors related to purchase of instant noodles.

The objectives of the study were to know the most preferred brands of instant noodles, to study important parameters responsible for buying decision of instant noodles and to identify the factors why consumers like and dislike noodles.

This research was conducted in Mumbai city. The total sample size was 124 respondents. The sampling method was convenient sampling. Data collection was in the form of structured questionnaire. Both field survey and online responses were employed to gather data. The data coding and feeding was done in SPSS Software. Statistical testing through SPSS was done for analysis followed by findings, conclusion, and suggestions.

**Key words:** Instant noodles, buying decision, fast food, brands.

## INTRODUCTION

Indian market is highly fragmented, FMCG market is no exception. In this hyper competitive market, Charles Darwin statement "Survival of the fittest" is highly applicable even in today's world. Marketers strive to target and position their products to create brand identity and therefore the process of building brand loyalty starts. This paper focuses on fast food item - "instant noodle". An effort is made by the researcher to identify the brand preference of customer with respect to instant noodle. An effort is also put on, what are the factors on which consumer select instant noodles.

Instant noodle is sold in India as dried noodle block, which is dry and precooked, with this noodle block comes a flavoring powder which comes inside the pack of noodle block. There are various packaging available for instant noodle. Recently lot many controversy had erupted with the contents inside the noodle. The brand leader in Indian market suffered because of unequal trace elements found inside the noodle.

Mordor Intelligence in their report published in December 2017 titled "Instant Noodles industry in India: Analysis of growth and forecast (2017-2022)" states that, India is the most attractive noodle market in the world. In 2016 after Japan, Indonesia, China, India was the 4 largest consumer of instant noodles. Instant noodle is the matured market but still has a limited few players. Before globalization around 1990's, noodle was not available in Indian market and there was no brand awareness or recall many population for instant noodles.

There are around 10 brands of instant noodles available in India. Recently instant noodle made from wheat flour was introduced by Patanjali named Patanjali Atta noodles. Schiffman et.al, (2010) states that the process of consumer decision making consists of three types of purchasing activities namely Trial Purchase, Repurchase and Long term commitment purchase.

In a country like India, food is consumed majority of times at home. The food that Indians eat has to be hot. This is the reason why, homemade food products are preferred by customers. Due to factors like urbanization, Nuclear families, quality of food, time required to cook, more and more women inclined to work, lifestyle changes, out-of home food consumption is increasing and thereby we see a gradual shift in the food habits where there is an inclination towards ready to cook foods or foods that can be cooked very fast and can be consumed simultaneously.

## LITERATURE REVIEW

(Kamalaveni & Nirmala, 2000) in their research have mentioned there is a similarity in rankings given by working women and housewives on the reasons of promotion to purchase Instant Food Products. Demographic parameters like Age, Education, Occupation, number of members in Family and Income of individuals had lot of influence on per capita expenditure on Instant Food Products.

(Kumar, 1987) studied various factors leading to purchasing decision making of different food products. In their study, cross tabulation was done, with origin and brand of the products against age, income, education & gender. Results showed that all three factors like age, education and income were the significant factors leading to influencing in buying decision. Moreover, consumers were attracted by the brand image more than the origin of the product.

(Sarita, 2012) developed a model to understand the determinants of consumer behavior regarding buying decision. In her research, she has analysed, frequency of consumer's shopping for food products with different occupations. She has taken efforts to understand the attitude of the consumers towards food product labels and their perception about food safety.

(Shah & Jaideepsingh, 2012) says there is a challenge for noodle manufacturing companies because today consumers are exposed to choices in terms of new categories, new brands and new shopping options enabling them to seek more information in the crowded retail environment. In FMCG sector, price sensitivity is increasing and brand loyalty is decreasing. Consumers, who once stuck to favorite local noodles brands, are now, willing to try novice quality & branded products at an affordable price. Therefore branded products require promotional schemes which are important in today's market. Though this could not guarantee brand loyalty by the customers but at-least the customers will try the products and generate sales for the companies. So companies in noodle market need to promote their brands more and should increase the usage of their brands by generating awareness campaign through various promotional schemes. Effective advertising will aid to strongly position the brand and increase the awareness. Marketers should focus more on quality and intensive distribution of their branded noodles. They should also focus on taste of ingredients, promotional offers, package and long length of noodles being important factors for preferring the noodles by consumer.

(Misra, 2012) wrote in a newspaper article, that monopoly is not always good, competition is essential for stimulating growth development is a lonely and tortuous task. He gives an example of Maggi, which was launched in instant noodle category way back in early 1980s. It dominates the category with around 85% share, but the category growth is very less. A category for a country with over a billion mouths to feed. Compare this with the high competition category like the consumer and household durables, automobile, two wheelers, mobile and other categories. The growth rate of 15% yearly is thanks to arrival of serious competition from organized players.

(Kar, 2012) said that the year 2010 marked the end of the instant noodle market. For two decades, consumers had a single brand of noodles to dig into -Maggi- giving Nestle over 85% share of the market. Other players like Indo-Nissin's Top Ramen, Capital Foods' Ching's secret and Smith & Jones and CG Food's Wai-Wai tried to make a dent but failed to take up more than 10-15% & of the 1300 crore INR Market.

(Nagamani, Indrani.G, & Santhiya.S, 2017) in their recent research done mention, in the modern world consumer taste and preferences are changing day-by-day because of rapid changing technology in food production. Several factors are influencing the customers

while they purchase a particular product. Hence, manufacturers should identify the target group and provide products to satisfy all types of consumers. The firm has to be constantly innovative and understand the consumers' needs and desires. Marketers should focus more on quality and intensive distribution of their branded noodles.

(Ramasamy, Kalaivanan, & Sukumar, 2005) have inferred through their research that buying behavior of individuals is vastly influenced by awareness and brand image towards the product. Advertisement done through Above The Line (ATL) marketing like television advertisement is the most important source of information followed by display in retail outlets. Based on the opinion of consumers, two factors, quality and price of the product are important factors to purchase.

(Jain, 2016): in her research, she has taken a comparative study of Maggie and Patanjali atta noodles. Research shows that consumers have accepted Maggie wholeheartedly after its ban and also stated that Patanjali is most favoured due to its price.

(Udhas, 2009) in his study titled case analysis found that the Maggi noodles are the market leader with around 80% of the noodles market.

## **OBJECTIVES OF THE STUDY**

- To know the most preferred brands of instant noodles.
- To study parameters responsible for buying decision of instant noodles.
- To identify the factors why consumers like noodles.

## **SCOPE OF THE STUDY**

Through the study an attempt would be made to know the top of the mind awareness of the brands of instant noodles. Attempt would also be made to study eight parameters like Brand name, Quality, Taste, Price, Aroma, Nutrition Level, Flavours, Ease of cooking which are responsible for buying decision of instant noodles. Also the researchers would try to identify the factors on which consumers like instant noodles in the ready to eat category.

## **RESEARCH HYPOTHESES**

H<sub>10</sub>: There is no significant difference between the parameters responsible for buying decision of instant noodles and the income groups.

H<sub>11</sub>: There is a significant difference between the parameters responsible for buying decision of instant noodles and the income groups.

H<sub>20</sub>: There is no significant difference between the parameters responsible for buying decision of instant noodles and the age groups.

H2<sub>1</sub>: There is a significant difference between the parameters responsible for buying decision of instant noodles and the age groups.

H3<sub>0</sub>: There is no significant difference between the parameters responsible for buying decision of instant noodles and gender.

H3<sub>1</sub>: There is a significant difference between the parameters responsible for buying decision of instant noodles and gender.

## RESEARCH METHODOLOGY

Our study included both primary and secondary data for an in depth investigation. First in-depth interviews were held with few respondents to arrive at a particular research topic. Also objectives were laid down. Literature review was undertaken to study the earlier existing knowledge regarding buying decision and identification of factors related to purchase of instant noodles. All the relevant information, data and opinion are collected directly from respondents.

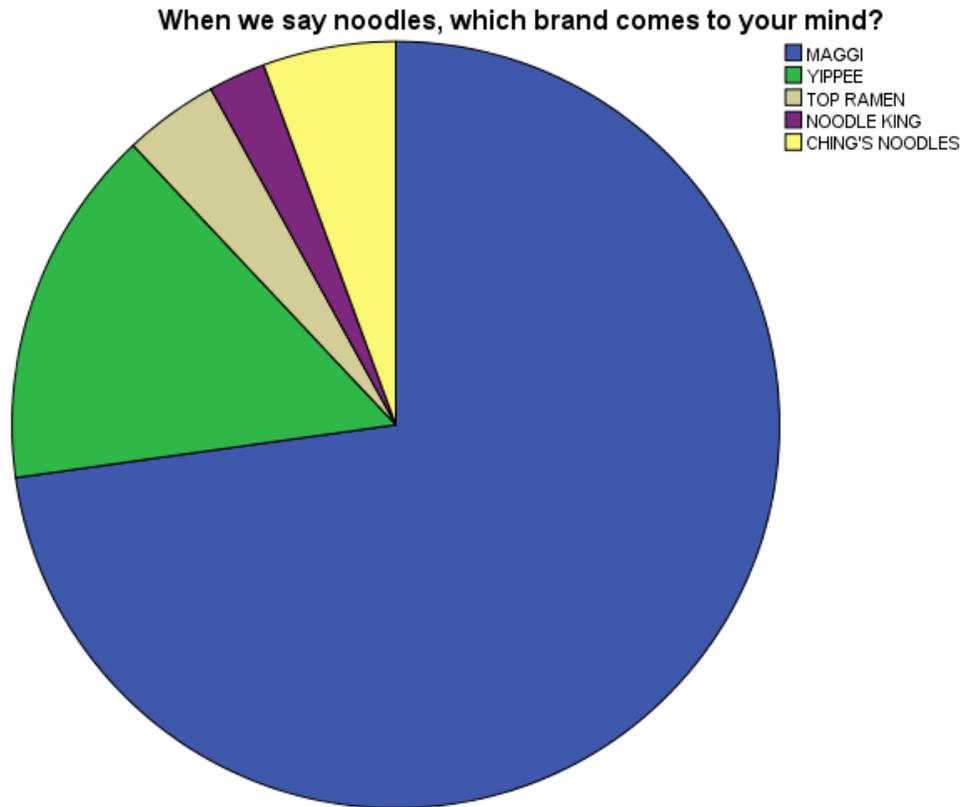
This research was conducted in Mumbai city. The total sample size was 124 respondents. The sampling method was convenience sampling. Data collection was in the form of structured questionnaire. Questionnaire was prepared to test the attitude of 124 consumers towards instant food products with various demographic variables. Both field survey and online responses were employed to gather data. The data coding and feeding was done in SPSS Software. Data analysis was done by SPSS software.

## DATA ANALYSIS

### Top of the Mind awareness related to Noodle brands

When we say noodles, which brand comes to your mind?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Maggi	91	72.8	72.8	72.8
	Yippee	19	15.2	15.2	88.0
	Top Ramen	5	4.0	4.0	92.0
	Noodle King	3	2.4	2.4	94.4
	Ching's Noodles	7	5.6	5.6	100.0
	<b>Total</b>	<b>125</b>	<b>100.0</b>	<b>100.0</b>	

*Source: Researchers own primary data*



*Source: Researchers own primary data*

**Inference:**

When question of, in noodles, which brand come to your top of mind, Maggi is in the top of mind of 73% respondents, followed by Yippee is in the top of mind of 15% respondents, followed by Ching's noodles is in the top of mind of 6% respondents, followed by Top Ramen noodles is in the top of mind of 4% respondents and followed by Noodle king noodles is in the top of mind of 2% respondents.

**Testing of Hypotheses**

H<sub>10</sub>: There is no significant difference between the parameters responsible for buying decision of instant noodles and the income groups.

H<sub>11</sub>: There is a significant difference between the parameters responsible for buying decision of instant noodles and the income groups.

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Parameter_Aroma	Between Groups	0.42	3	0.14	0.16	0.93
	Within Groups	109.148	121	0.902		
	Total	109.568	124			
Parameter_Brandname	Between Groups	17.716	3	5.905	4.21	0.01
	Within Groups	169.916	121	1.404		
	Total	187.632	124			
Parameter_Ease_Cooking	Between Groups	1.053	3	0.351	0.38	0.77
	Within Groups	113.059	121	0.934		
	Total	114.112	124			
Parameter_Nutritionallevel	Between Groups	6.579	3	2.193	1.93	0.13
	Within Groups	137.693	121	1.138		
	Total	144.272	124			
Parameter_Price	Between Groups	5.909	3	1.97	1.64	0.18
	Within Groups	145.099	121	1.199		
	Total	151.008	124			
Parameter_Quality	Between Groups	4.239	3	1.413	1.94	0.13
	Within Groups	88.049	121	0.728		
	Total	92.288	124			
Parameter_Taste	Between Groups	3.45	3	1.15	1.39	0.25
	Within Groups	100.358	121	0.829		
	Total	103.808	124			
Parameter_Variety_Flavours	Between Groups	1.845	3	0.615	0.58	0.63
	Within Groups	129.307	121	1.069		
	Total	131.152	124			

*Source: Researchers own primary data*

In above table ANOVA was used as a statistical test for testing eight parameters like Brand name, Quality, Taste, Price, Aroma, Nutrition Level, Flavours, Ease of cooking which are responsible for buying decision of instant noodles with the income groups.

For testing the significance value (p value) it is stated that if the p value is less than or equal to 0.05 we reject the null hypothesis. From the above table it is evident that, of the eight parameters tested like Brand name, Quality, Taste, Price, Aroma, Nutrition Level, Flavours, Ease of cooking which are responsible for buying decision of instant noodles, only the parameter Brand name is significant ( p value = 0.007).

Therefore we infer that, there is a significant difference between the parameter (Brand name) responsible for buying decision of instant noodles and the income groups.

H2<sub>0</sub>: There is no significant difference between the parameters responsible for buying decision of instant noodles and the age groups.

H2<sub>1</sub>: There is a significant difference between the parameters responsible for buying decision of instant noodles and the age groups.

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Parameter_Brandname	Between Groups	1.775	3	0.592	0.39	0.76
	Within Groups	185.857	121	1.536		
	Total	187.632	124			
Parameter_Quality	Between Groups	2.133	3	0.711	0.95	0.42
	Within Groups	90.155	121	0.745		
	Total	92.288	124			
Parameter_Taste	Between Groups	6.049	3	2.016	2.5	0.06
	Within Groups	97.759	121	0.808		
	Total	103.808	124			
Parameter_Price	Between Groups	2.864	3	0.955	0.78	0.51
	Within Groups	148.144	121	1.224		
	Total	151.008	124			
Parameter_Aroma	Between Groups	4.699	3	1.566	1.81	0.15
	Within Groups	104.869	121	0.867		
	Total	109.568	124			
Parameter_Nutritionallevel	Between Groups	0.493	3	0.164	0.14	0.94
	Within Groups	143.779	121	1.188		
	Total	144.272	124			
Parameter_Variety_Flavours	Between Groups	3.004	3	1.001	0.95	0.42
	Within Groups	128.148	121	1.059		
	Total	131.152	124			
Parameter_Ease_Cooking	Between Groups	0.41	3	0.137	0.15	0.93
	Within Groups	113.702	121	0.94		
	Total	114.112	124			

*Source: Researchers own primary data*

In above table ANOVA was used as a statistical test for testing eight parameters like Brand name, Quality, Taste, Price, Aroma, Nutrition Level, Flavours, Ease of cooking which are responsible for buying decision of instant noodles with the age groups.

For testing the significance value (p value) it is stated that if the p value is less than or equal to 0.05 we reject the null hypothesis. From the above table it is evident that, for all of the eight parameters tested like Brand name, Quality, Taste, Price, Aroma, Nutrition

Level, Flavours, Ease of cooking which are responsible for buying decision of instant noodles, no parameter is significantly different with the age groups.

H3<sub>0</sub>: There is no significant difference between the parameters responsible for buying decision of instant noodles and gender.

H3<sub>1</sub>: There is a significant difference between the parameters responsible for buying decision of instant noodles and gender.

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Parameter_Brandname	Between Groups	1.958	1	1.958	1.3	0.26
	Within Groups	185.674	123	1.51		
	Total	187.632	124			
Parameter_Quality	Between Groups	1.881	1	1.881	2.56	0.11
	Within Groups	90.407	123	0.735		
	Total	92.288	124			
Parameter_Taste	Between Groups	0.125	1	0.125	0.15	0.7
	Within Groups	103.683	123	0.843		
	Total	103.808	124			
Parameter_Price	Between Groups	0.169	1	0.169	0.14	0.71
	Within Groups	150.839	123	1.226		
	Total	151.008	124			
Parameter_Aroma	Between Groups	0.386	1	0.386	0.44	0.51
	Within Groups	109.182	123	0.888		
	Total	109.568	124			
Parameter_Nutritionallevel	Between Groups	1.546	1	1.546	1.33	0.25
	Within Groups	142.726	123	1.16		
	Total	144.272	124			
Parameter_Variety_Flavours	Between Groups	1.164	1	1.164	1.1	0.3
	Within Groups	129.988	123	1.057		
	Total	131.152	124			
Parameter_Ease_Cooking	Between Groups	1.293	1	1.293	1.41	0.24
	Within Groups	112.819	123	0.917		
	Total	114.112	124			

*Source: Researchers own primary data*

In above table ANOVA was used as a statistical test for testing eight parameters like Brand name, Quality, Taste, Price, Aroma, Nutrition Level, Flavours, Ease of cooking which are responsible for buying decision of instant noodles with the gender.

For testing the significance value (p value) it is stated that if the p value is less than or equal to 0.05 we reject the null hypothesis. From the above table it is evident that, for all of the eight parameters tested like Brand name, Quality, Taste, Price, Aroma, Nutrition Level, Flavours, Ease of cooking which are responsible for buying decision of instant noodles, no parameter is significantly different with the gender.

Factor Analysis was used as a statistical test, to identify the factors why consumers like noodles. There were six statements included, which are, noodles are quick meals, noodles are an economic substitute for food, noodles satisfies my hunger, noodles has variety of flavours, noodles is my favourite food , and noodles are easy to cook.

Through rotated component matrix, two components emerged. The first component was made of three statements like noodles are quick meals, noodles satisfies my hunger and noodles are easy to cook. The second component was again made of three statements like noodles are an economic substitute for food, noodles has variety of flavours and noodles are my favourite food.

Rotated Component Matrix <sup>a</sup>		
	Component	
	1	2
They are quick meals	0.788	0.019
It satisfies my hunger	0.704	-0.056
They are easy to cook	0.696	0.211
It is economic substitute for food	-0.09	0.798
It has variety of flavours	0.069	0.66
It is my favourite food	0.428	0.536
Extraction Method: Principal Component Analysis.		
Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

*Source: Researchers own primary data*

## CONCLUSION

- In the instant noodles category, Maggi noodles is the major brand which is in the mind of consumers, there are followed by Yippee, Ching's noodles, Top Ramen noodles and Noodle king noodles.
- Brand name was the only parameter which is responsible for buying decision of instant noodles when they were compared with the income groups.
- Age of consumers has no role in buying decision of instant noodles.
- Gender of consumers has no role in buying decision of instant noodles.
- Companies selling instant noodles should position themselves with particular theme.

## SUGGESTIONS

- Competitors of Maggi noodles should build their brand image like Maggi.
- Noodles companies should focus less on age of consumers and gender of consumers.
- Companies selling noodles should position themselves as preferred fast food with the advertising theme focused on the three words "Simple, affordable and faster".

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# **Social Media for Social Responsibility And Beyond**

**Hasti More**

**Karan Wadhwa**

**Sayali Shelar**

PGDM Students, DSIMS

## **Abstract**

Social media is a place for a gamet of activities. Apart from networking, there are businesses that use social media as a platform for promotion, advertising and positioning. Corporate social responsibility is one such impactful activity promoted by various organizations and corporates. The rise of social media has been a boon for the organizations to become more perceptible and attain extreme reach towards its stakeholders.

The present paper is exploratory in nature. The data for the same is collected through primary and secondary sources. Through this research paper the association of CSR with social media with respect to NTPC was prominently visible and furthermore, we explore its future prospects in relation to augmented reality, live streaming and artificial intelligence.

We tend to establish that social media is indeed an effective trigger for organizations to showcase their sensitivity towards the society and hence the future of digital era in association with CSR online activities will be an interesting space to experience.

While the significant success of the organization's CSR activities is depended upon the awareness of the stakeholder and favorable attribution. While the social media creates an important momentum for organizations to cultivate awareness by establishing an influential framework of stakeholder relationships, the opportunities are not distributed evenly for all the organizations.

**Keywords :** NTPC, CSR, Social Media

## INTRODUCTION

The digital world is exploding and multiplying by the second. The era of digitization has evolved drastically. Social media is more than just a name now. Technology has been a critical variable in dynamic revolutions around the globe. Internet is one such revolution from the plethora of technology. India, slowly making a mark amongst the giants of the world, now ranks second in terms of the number of internet users. Human beings are connected via an invisible network called social media.

Social media is fundamentally transforming the way we, create, consume, collaborate, and communicate. The social networking segment is one of the most transformative impacts of information technology on business, both within and outside the organization's boundaries. Social media is a place for a gamut of activities. Apart from networking, there are businesses that use social media as a platform for promotion, advertising and positioning. Corporate social responsibility is one such impactful activity promoted by various organizations and corporates. The rise of social media has been a boon for the organizations to become more perceptible and attain extreme reach towards its stakeholders.

According to the website of the NTPC Limited, in the CSR segment NTPC Ltd. (National Thermal Power Company Limited), A Maharatna Company, is one phenomenal firm that works towards the betterment of the environment and the welfare of the community. NTPC Ltd., being India's largest energy conglomerate has positioned itself as an active CSR participant in the education, health, women empowerment and such alike segments. This research paper includes the initiatives, structure and approaches adopted by NTPC in accordance with social media and it also explains the impact on general public.

According to the Statista report 2017, regarding the number of social network users in India from 2015 to 2022, it is estimated that in 2019 India will have around 258.27 million social network users from close upto 168 million last year that is 2016. It also claims the most popular social media networks in India were Facebook and YouTube, followed by the mobile app WhatsApp. Also, Facebook is expected to reach close up to 319 million users by 2021 in India.

According to N. Madhusudhan et.al (2015), while the significant success of the organization's CSR activities are depended upon the awareness of the stakeholder and favorable attribution. While the social media creates an important momentum for organizations to cultivate awareness by establishing an influential framework of stakeholder relationships, the opportunities are not distributed evenly for all the organizations.

## LITERATURE REVIEW

According to N. Madhusudhan et.al (2015), the CSR reflects the good side of the company. CSR encompasses a wide landscape of multiple actors and approaches. Now-a-days organizations are expected to perform thoroughly well on all the stages and parameters of triple bottom line that is People, Planet and Profit.

Social media is a bridge between the CSR activity done by the company and its awareness amongst people. Companies present their CSR efforts via various mediums and channels, to reach the target audience via the social media and also via officially communicated channels for example CSR journals, official company website and CSR reports. Every CSR campaign has to be well prepared and planned strategically in order to have a successful impact via its medium chosen for awareness.

According to Tedeschi, J. (1981), Social media on the other hand has motivated, perhaps drastically altered, the connection between corporations and their stakeholders. Social media platforms help organizations relate with people to share information about processes, policies, products and services. Additionally, the internet provides a stage for the connection between stakeholders and the organization. Conveying CSR via the social media platform can procure greater visibility for an organization, which is critical to forming an impactful CSR impression.

According to Tedeschi, J. (1981), Impression management theory, explains understandings as to why human beings are influenced to react and respond to CSR posts and messages on social networking sites through such acts such as liking, sharing, following, commenting, or tweeting.

According to Leary et.al (1990), " Impression management is the process by which individuals attempt to control the impressions others form of them", and individuals can align and manage the impression other individual have of them on social networking sites by presenting to other human beings that their support and appreciation for good and noble social causes through acts such as following an organization's CSR page, official account or sharing content from them.

According to Asha Kaul et.al (2015), for example, including CSR as a heading or a topic on a Facebook page can aid to an increase of the probability that the audience will like or share that page. Once a user likes a page or shares a post on Facebook, it will appear on the newsfeed of Facebook of that individual's friends. If an organization becomes more visibly connected as well as associated with a CSR campaign on social media, which may, in turn, influence the audience's evaluation of the organization's CSR performance.

## **OBJECTIVES**

- 1) To study the role of social media on the awareness of the CSR activity of NTPC.
- 2) To assess the role of social media on CSR of selected PSU's

## **RESEARCH METHODOLOGY**

To address the formulated goals of the study, the approach for the research paper is chosen as exploratory. This study is founded on primary as well as secondary data. Primary data was used to study the background of the study matter. The sample size was of 36 respondents and simple random sampling method was used. Scope of the study was confined to the CSR activities of NTPC and their presence on social media. Descriptive statistics was used for the interpretation of the data generated from the primary study and secondary data was generated from academic journals, research papers, annual reports, sustainability reports, social networking sites. Both quantitative and qualitative data have been used.

## **SOCIAL CONTRIBUTION AND ASSESSMENT**

According to N. Madhusudhan et.al (2015), from the study and the analysis of the literature present on the CSR initiatives and their impact it is observed that in NTPC, CSR very well extends above and beyond philanthropy and charity. The CSR activities and its impacts reaches out to all the branches of the society comprising of all the stakeholders consisting the economic, social and environment aspects.

NTPC's constant endeavor is to institutionalize corporate social responsibility on numerous levels right from the social to developmental works of the society and welfare of the community. NTPC takes up projects for conserving the natural resources, water, energy and makes all out efforts to minimize environmental heavy impacts of their projects on the society. NTPC also continue to invest in community and society around their projects through various initiatives. It is very well reflected in its core areas of Education and Health sectors and besides other contributions to environmental, social, infrastructure and other interventions.

NTPC has also had a significant impact on the communities where they operate as they do contribute to all aspects of development in terms of education for the rural segments, mobile science labs, rural sports, culture, healthcare, arts, woman empowerment, preservation of monuments, providing relief material/water during natural calamities apart from supporting all the governmental initiatives like 5km electricity scheme and as

well as construction of toilets under Swachh Bharat Vidyalay Abhiyan. As a socially conscious enterprise, NTPC has also been very sensitive towards the needs of the Project Affected Persons (PAP's) unsettled by the construction of a plant.

According to NTPC's Facebook website, the present paper outlines few of the many CSR activities and initiatives that are available on the social media website, Facebook. The in depth background research on NTPC observes that the company has been very active in posting its CSR initiatives and activities. The below mentioned activities have been posted on Facebook from 24<sup>th</sup> February, 2018 to 16<sup>th</sup> March, 2018.

#### NTPC'S INITIATIVE TOWARDS THE AWARENESS OF ITS CSR THROUGH SOCIAL MEDIA (FACEBOOK) -

On the social network site Facebook, NTPC promoted its "free eye check camp" near Jhajjar in Haryana. The organization also organized a two week vocational training programme on Mushroom Cultivation. It stated that NTPC under its CSR initiative held this programme for the "Self Help Group" unemployed rural youth of nearby villages to promote income and self-reliance.

NTPC's Facebook post also states that the organization distributed Study Materials to the needy at Ramagundam. Along with that, NTPC also promoted an awareness program on Basic Life Support that was held in Ranchi, where experts demonstrated techniques that can be used to treat individuals in emergencies until they reach a hospital.

NTPC also posted on the same social networking mentioning that NTPC gives back to the Odhisa's School Community, where cheques and certificates were distributed to the winners of a scholarship named "Utkarsh". The scholarship has been specially instituted by NTPC for schools affected by the project and along with that, as a part of its ICD (Initial Community Development) initiative, schools were given water bottles to the students by NTPC officials. The post also says that the team installed solar borewells and RO systems in schools.

Via the social medium platform, under its gamet of CSR campaign, NTPC also has promoted the "Beti Mini Marathon" organized by the team at Gharghoda, India. Where, 102 school shoes were also distributed among the girls of 'Adivasi Girls Hostel' in a special function.

#### *Ackerman's Model*

According to Repaul Kanji et.al (2016), Before the introduction of the concept of modelling CSR activities and initiatives according to priorities, liabilities or responsibilities came into the picture, Ackerman proposed his strategic model that was laid down in three phases

It was perceived to be a strategy than a model. A strategy that aided to the implementation of CSR initiatives and activities.

The Ackerman's Model comprises of three phases-

- a. First Phase - The first stage talks about the top executives/managers recognizing a social problem.
- b. Second Phase - The second stage explains the intensive study of the problem and tries to search out solutions by hiring experts.
- c. Third Phase - The third and the final stage outlines the implementation of the proposed solutions.

Managers take up the initiative or the project actively and then the team from the organization works hard to implement it and then the evaluation of the project is stated by addressing the issues.

According to the literature and pilot research, it was found that NTPC follows the Ackerman's model of CSR. As NTPC is a socially sensitive organization, there holds a Group of Directors for CSR where a roadmap is prepared for the operating scheme to look into societal issues (phase one). NTPC hence ties up with various experts that aid NTPC to solve the problem.

According to NTPC's website, Afforestation, as NTPC is also committed towards the protection of the environment and to maintain a balance in the ecological system, one main activity which is carried out on a gigantic scale is afforestation. It has been carrying out its corporate activities with an in depth sense of social responsibility towards protecting the environment. NTPC claims to have a continuous vigilance to minimize pollution at all the levels. Hence NTPC has hired an independent Horticulture Department at its projects which is headed by experts and experienced horticulture supervisors and officers (phase two).

## ***IMPACT AND ASSESSMENT***

According to NTPC's website, NTPC has spent Rs. 277.81 crore on the CSR activities during the year 2016-17. The theme for the year 2016-17 was Clean Water & Sanitation. NTPC provided clean drinking water facility at 59 villages around the NTPC stations.

The project of deepening of ponds, construction of ghats and water harvesting projects aided towards the improvement of water levels.

According to NTPC's website, NTPC accomplished the Swachh Bharat goal through the Swachh Vidyalaya Abhiyan by successfully building 29,000 toilets in government schools for the benefit of students, especially girl children, covering 83 Districts in 17 States across the country. The Availability of toilets ensured by the organization will have direct positive impact on the lives of almost 20 lakh children.

## **GOVERNANCE**

NTPC's policy states that, NTPC as an organization is committed towards generating and providing power that is reliable at competitive prices in a sustainable manner by optimizing the use of multiple energy resource with innovative eco-friendly technologies thereby contributing to the economic development of the nation, social upliftment of the society and promoting a healthy environment.

According to NTPC's website, Sustainability, under the CSR policy NTPC also states to improve the quality of life of community through three of their development of their initiatives under the organization's Policy for Corporate Social Responsibility (CSR) & Sustainability, Initial Community Development (ICD) policy and Rehabilitation & Resettlement (R&R) policy.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR) & SUSTAINABILITY -**

According to NTPC's website, Sustainability, these CSR and sustainability activities and initiatives taken up by NTPC anywhere in India includes the process which is mentioned in its policy of CSR & sustainability, that is formulation, implementation, monitoring, evaluation, documentation and reporting.

### **INITIAL COMMUNITY DEVELOPMENT (ICD) POLICY-**

According to NTPC's website, Sustainability, the general community development and peripheral development issues are addressed in the society of its operating stations as a segment of its CSR - CD (Community Development Programme).

Through this policy, NTPC addresses to the social issues before even initiating the land acquisition for any project.

The ICD policy is implemented in an intimated corporation with the concerned Authorities of the State in the segments identified for setting up expansion / greenfield projects.

#### REHABILITATION AND RESETTLEMENT (R&R) POLICY-

Almost all the projects of NTPC are located in remote parts of the country. The organization acquires land for its business projects and due to which the people living in that respective area may lead to the relocation of the individuals residing in that area. Such families come under the Project Affected Families (PAF's) of NTPC.

According to NTPC's website, Corporate Citizenship, NTPC takes measures for the Rehabilitation and Resettlement (R&R) as per the Government of India (GOI) in accordance to "The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCT LARR Act, 2013)" and the policy is also implemented under the framework of Local Applicable Law (LAL) of State Authorities and the appropriate government.

#### *Social media integration*

The share buttons, the like icons and the follow us widget on social networking websites, all these are ways to encourage audiences to become associated with the organization. This process is called social media integration, which basically cross-promotes the accounts that an organization has on social media channels.

Social media has penetrated the society's professional and personal life in every corner. Social media integration has made a direct two-way interactive communication between consumers and brands possible anywhere, anytime. Which has resulted in an increase in the expectations of the customer and has made brands, organizations and corporates to follow a consumer-centric approach to sustainability in digital channels.

According to this research, the social media channels like Twitter, Facebook and LinkedIn is used by NTPC, to promote awareness about their CSR activities. Not only the CSR initiatives but also the organization has all its stakeholders in loop regarding its day to day activities.

NTPC's CSR Governance structure makes sure that NTPC integrates CSR in their day to day operations. They do this by ensuring that the NTPC regularly interact with their stations of operations and stakeholders via the social media platform.

According to NTPC's website, Corporate Citizenship, the social corporate division of NTPC follows a three tiered structure - Corporate, Region and Station including a separate Board level Committee on Corporate Social Responsibility to guide, approve & review CSR activity from time to time.

The efforts and steps taken forward by NTPC for awareness via social media integration, the present research paper has produced peculiar findings.

## **CHALLENGES AND OPPORTUNITIES`**

The research report reveals that social media is indeed an extraordinary platform for the organizations to showcase their sensitivity towards the society and hence the future of digital era in association with CSR online activities will be an interesting space to experience. According to an in depth research conducted in the present paper on the online presence of government organizations like OIL AND NATURAL GAS CORPORATION (ONGC), Power Grid along with NTPC, it was found that all these organizations are not getting the responses even after having a daily presence online.

The real finding emerged stating that whether it is Facebook, Twitter or LinkedIn, organizations like NTPC, ONGC and Power Grid, all have low number of likes with respect to the number of followers and posts they publish.

The challenge is to understand the factors that make an organization reach its goal of achieving the target of maximum reach and eventually implement new strategies according to the factors.

All organizations have internet as a major advantage, but each one should know how to utilize it in the necessary advantage. New trends keep entering the digital market, after Orkut, there was Facebook, and after Facebook there shall be new technological advances that may already be in making. The key is to evolve with the coming change in the gamet of technology and implement those changes in the current business strategy of the respective organization.

## **LIMITATION**

This research paper has limitations just like any other research project. This paper only focuses on NTPC as the main variable for the research along with its association with the digital platform. The main resource or a major reference that is utilized for the project is secondary research along with the needed available primary research. Additionally, this research paper does not cover all the government and corporate organizations and their collaboration with CSR initiatives and activities.

The study focuses on the CSR activities of NTPC and alike government and corporate organizations in association with social media targeted respondents between the age group of 18 and 25. Additionally, the respondents in this research study focused their responses almost exclusively on Facebook. Therefore, future study and research should discover whether parallel findings can be generalized to different profiles, accounts and social media platforms. Although the underlying model and framework is predicted to be generalizable, the results may be different.

It is possible that there are other various factors that play a major role in acknowledging or spreading awareness of an organization's CSR posts on social media networks. There lay many other social media marketing models to understand the role play of an organization's activity on the social media platform. Also, one more thing has to be kept in mind that the maturity and presence of an organization may play a very important role in influencing the respective targeted audience via numerous social media networks and sites apart from Facebook, Twitter and LinkedIn. However, future research can be taken ahead to examine a wide variety of organizations and corporates with different degrees of maturity and within platform interactivity that is the social media to determine if such an influence is significant.

## **CONCLUSION, SUGGESTIONS & BEYOND**

Virtual reality, artificial intelligence and augmented reality seem to be the future of digital platform. As mentioned in that beginning of the report that Sophia is not just a name hence similarly Terminator too would not be just a name. Social media has its boons and its curses as well. All the companies don't have the privilege to achieve total acknowledgement by simply posting and reiterating its CSR activities on social media. Few companies don't even portray anything with respect to Health, Education and society on social media in India.

Stating about technological innovation, According to The Telegraph, May 2014, Prime Minister Narendra Modi addressed the gathering via hologram and according to Times of India, Jan 19, 2018, Government will soon promote welfare schemes to the people of India via the 3D hologram technology. This news was shared in 2018 itself. This shows that the government is trying its best from past few years to abide by the new technology advances to pull the general audiences towards the schemes and policies.

The benefits of such a technology can be utilized by NTPC as a government organization for various activities. Be it promotion, marketing or CSR. Technology like hologram definitely talks about the "beyond" fragment of the paper.

According to Varagic, D. (2008), the present paper suggests organizations to analyze “The OASIS model” which has an impact on the overall effectiveness for the social media platforms. An organization may hence consider all these elements when developing social media strategies.

(Objectives) O- Define the objectives for promotion - SMART (Specific, Measurable, Achievable, Realistic and Timely), because the results of the Social Media strategy are certainly quantifiable.

(Audience) A- It is essential to know the audiences one is dealing with, one needs to know their customers, prospects and focus. Different people interpret and respond to the same thing differently online hence this step is critical and significant.

(Strategy) S- Define segmentation: It is not possible to approach the entire stated target group in the same way.

(Implementation) I- This step explains as to how one can bring a strategy to life. The important technologies, tools, plan and process is taken into consideration.

(Sustainment) S- This step is the most crucial step of all the elements as it is essential to be updated and evolved with the future so that one doesn't become obsolete.

This research talks about the findings of the CSR's association with social media, which is true but to what extent and the degree of impact is unknown because individuals may view or even be aware of the CSR initiatives taken forward by a particular company on social media but they might not associate with the brand or company as the CSR campaign might just not cater to the human brain and heart. This would come under the umbrella of the study of the human mind: Psychology.

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# Workforce Diversity & Inclusion: Reward or Challenge

**Dr. Sanchita Banerji**

Associate Professor, DSIMS

“Diversity is not just about recognising people’s potential, but ensuring business success too”

## Abstract

In today’s worldwide competitive economy, there is an intense interaction among people from diverse backgrounds. The workforce is competing within a global framework. The number of dual-income families and single working mothers has changed the dynamics of the workplace. Demographic changes (women in the workplace, organizational restructuring, and equal opportunity legislation) will require organizations to review their management practices and develop new and creative approaches to managing people. Maximizing and capitalizing on workplace diversity and inclusion is an important issue for management. For this reason, profit and non-profit organizations need to become more diversified to remain competitive. Workforce diversity is significant organizational challenge, and at the same times the biggest opportunity for the 21<sup>st</sup> century managers. So managerial skills must adapt to accommodate a multicultural work environment. Supervisors and managers need to recognize the ways in which the workplace is changing and evolving. Companies need to embrace diversity and look for ways to become inclusive organizations because diversity has the potential to yield greater work productivity and competitive advantages. Positive changes will increase work performance and customer service.

This paper focuses on the issue of workforce diversity and inclusion, discusses the benefits and challenges and presents strategies for managing them. Qualitative research method has been used to gather and analyze the data. In the conclusion, the findings state that workforce diversity and inclusion contributes to employee productivity and organizational effectiveness, but some factors could act as deterrent, which if managed properly can lead to the success of the organisation.

**Key Words :** Workforce Diversity, Challenges, Globalization, Inclusion

## **INTRODUCTION**

Diversity in the workplace is growing faster than we can address its concomitant issues. Constant changes in a firm's culture and in people's personal beliefs force the workplace to deal with the concept and issue of diversity. Shifting demographics are a powerful impetus to address diversity in the workplace. Workforce diversity has been driven by other factors as well. As organizations diversify geographically and the free movement of workforce across national boundaries intensifies, the need to interact effectively with broader constituencies becomes critical. As a result of the greater awareness of and insistence on the employment of employees from various cultural groups, the acknowledgment of gender equality, and the reality of various age groups, the pool of employees reflects greater diversity than it did a decade or two ago.

The challenge is to extract the very essence of diversity and tactically manage it for the improvement of the people and the organization. Most organizations in their own perspective, adopt diversity at their workplace or organization to become more creative and open to change. Increasing and Improving workplace diversity has become an important issue for management in the recent years due to the recognition of how the workplace is changing.

The diversity management approach is essential to firms in functioning effectively within the diverse local, national, and international environments, effective diversity management can be used as a strategic opportunity to increase organizational effectiveness.

## **LITERATURE REVIEW**

The majority of the work into the effects of workforce diversity has been underpinned by social identity theory, according to which individuals possess both a personal and a social identity, the latter varying according to the groups (e.g., women, worker, professional, and so on) to which we belong (Tajfel & Turner, 1985).

One study (Johnston & Packer, 1987), regards diversity as significant changes in the composition of the workforce such as the increasing number of women, racial minorities, senior workers, and immigrants. Cox and Blake (1991) view diversity as a business imperative and highlight that firms should understand how they value diversity to establish a competitive edge over their competitors, an approach that may be appropriate to leaders of organizations who generally aim to increase the bottom line through reduced cost and turnover, enhanced profitability, and improved market value.

Thomas (1995) defines diversity as any mixture of components characterized by similarities and differences. The components of a diversity can be classified into two dimensions. The

primary dimension such as age, gender, sexual orientation and so on, exhibits the main differences between various individuals. These primary differences also has the most impact on initial encounters and can be easily noticed and serve as filters through which people view the world. The secondary dimensions such as religion, education, geographical location, income etc, are those qualities that are not noticeable in the first encounter and can even change throughout different encounters. These qualities are only noticed after some interactions occur between individuals.(Ashton 2010).

The ability to understand multiple perspectives (e.g., cultural) in interactions can contribute to efficiency, whereas the lack of this ability can detract from it. Technological advances also offer the possibility of working with persons one may never meet and from different cultural backgrounds (Kasper-Fuehrer & Ashkanasy, 2001).

Wolf (1998) emphasizes that firms should develop empathy with their customers to create enduring customer relationships; each party reaches out to identify with and understand the other party's circumstances (e.g., feelings and motives). This marketing strategy can give a firm a better chance to connect with the deeper drives of customer behaviors than traditional customer research offers. An empathetic marketing strategy suggests that the firms that hire employees similar to their customers (e.g., women, disabled individuals, and racial minorities) will become more successful businesses; their employees will know the special problems faced by their customers and may be able to come up with ideas for new products that best satisfy them.

(Gordon, 2009; Guthridge *et al.*, 2008). The experiences in this workplace and its aftermaths shake most organizational commitment (OC) and career satisfactions (CS) according to (Greenhaus *et al.*, 1990; Igbaria and Wormley, 1992; Mowday *et al.*, 1979), that is directly connected to employee satisfaction, profitability, lower employee turnover, productivity and serious employee engagement and performance (Abbasi and Hollman, 2000; Harter *et al.*, 2002; Mathieu and Zajac, 1990; Morrison *et al.*, 2007).

All concepts of diversity denote to customs of human organization which clarify diversity as a collective construction that is vibrant and plural in standards which makes its meaning to be influence by its context (Anne and Van, 2011; Zapata, 2009) Globalization is growing faster than ever and is increasing the importance of one understanding cultural difference and values and the implications it has on human resource management world globe (Trompenaars, 1998; Vladimir *et al.*, 1992). Valuing diversity is the craving to encompass and employs the people from different groups as prospective employees, instead of excluding ideas of any probable employee because of any issue linked to diversity (McMahan *et al.*, 1998).

## **Consequences of Ignoring Diversity**

Ignoring diversity issues costs time, money, and efficiency. Some of the consequences can include unhealthy tensions; loss of productivity because of increased conflict; inability to attract and retain talented people of all kinds; complaints and legal actions; and inability to retain valuable employees, resulting in lost investments in recruitment and training.

Organizations that do not have a strong diversity inclusion culture will invite lower productivity, higher absenteeism, and higher turnover which will result in higher costs to the company. As the Darwin's Theory of Evolution says "as random genetic mutations occur within an organism's genetic code, the beneficial mutations are preserved because they aid survival -- a process known as "natural selection." Similarly the organizations also have to respond to this change of heterogeneous group of people i.e. managing of the diverse workforce and customers for its survival.

## **PURPOSE OF THE STUDY**

In recent years workforce diversity and inclusion have been substantial and as such have forced companies to embrace these concepts in their companies with the aim of increasing productivity and profit. This forced integration has created divergence and uncertainty in the workforce, as management is not skilled enough to control the concept of diversity management and its ethics, and so managers are finding it difficult to effectively practice diversity management, which in turn has become an albatross on their neck.

Since managing diversity still remains a challenge in organisations, managers tend to learn managerial skills needed in a multicultural working environment and prepares themselves to teach others within their organizations to value cultural differences and treat all employees with dignity

The rationale behind this paper is to understand the concept of diversity and inclusion, examine challenges & rewards of workplace diversity and inclusion in organisations, as well as to highlight the strategies for managing workforce diversity.

In completing this study, relevant theoretical works are considered in order to ascertain the factors that could lead to the formation of a favorable working environment that pertains to diversity management

## **Benefits of Workplace Diversity**

An organization's success and competitiveness depends upon its ability to embrace diversity and realize the benefits. When organizations actively assess their handling of workplace

diversity issues, develop and implement diversity plans, multiple benefits are reported such as:

- **Increased adaptability**-Organizations employing a diverse workforce can supply a greater variety of solutions to problems in service, sourcing, and allocation of resources. Employees from diverse backgrounds bring individual talents and experiences in suggesting ideas that are flexible in adapting to fluctuating markets and customer demands.
- **Broader service range**-A diverse collection of skills and experiences (e.g. languages, cultural understanding) allows a company to provide service to customers on a global basis.
- **Variety of viewpoints**-A diverse workforce that feels comfortable communicating varying points of view provides a larger pool of ideas and experiences. The organization can draw from that pool to meet business strategy needs and the needs of customers more effectively.
- **More effective execution**-Companies that encourage diversity in the workplace inspire all of their employees to perform to their highest ability. Company-wide strategies can then be executed; resulting in higher productivity, profit, and return on investment.

## Challenges of Diversity in the Workplace

However, that diversity management is not always simple; there are many challenges to fostering an inclusive environment in the workplace for diversity of thought and ideas. To adapt more inclusive environment for any outside member, often these individuals are mentored and coached to adopt the necessary traits for inclusion

According to the journal article "Cultural Diversity in the Workplace: The State of the Field", Marlene G. Fine explains that "those who assimilate are denied the ability to express their genuine selves in the workplace; they are forced to repress significant parts of their lives within a social context that frames a large part of their daily encounters with other people". Assimilation does not just create a situation in which people who are different are likely to fail; it also decreases the productivity of organizations. i.e. with a diverse workforce, management may have to put more efforts than with a less diverse workforce. Some of those challenges are:

- **Communication** - Perceptual, cultural and language barriers need to be overcome for diversity programs to succeed. Ineffective communication of key objectives results in confusion, lack of teamwork, and low morale.
- **Resistance to change** - There are always employees who will refuse to accept the fact that the social and cultural makeup of their workplace is changing. The "we've always done it this way" mentality silences new ideas and inhibits progress

- **Implementation of diversity in the workplace policies** - This can be the overriding challenge to all diversity advocates. Armed with the results of employee assessments and research data, they must build and implement a customized strategy to maximize the effects of diversity in the workplace for their particular organization.
- **Successful Management of Diversity in the Workplace** - Diversity training alone is not sufficient for your organization's diversity management plan. A strategy must be created and implemented to create a culture of diversity that permeates every department and function of the organization.

## **Managing Workforce Diversity**

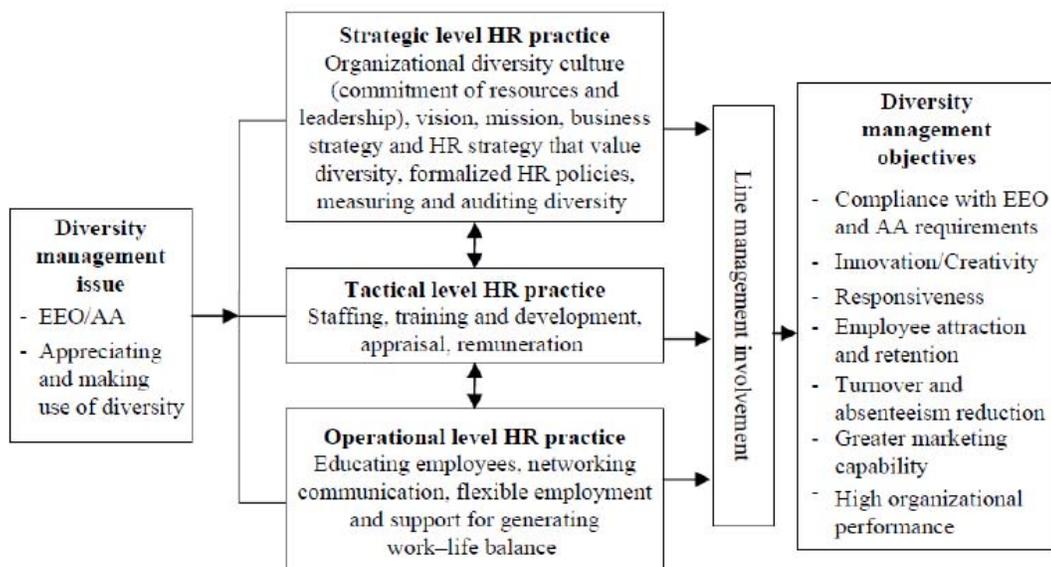
Managing diversity is defined as "planning and implementing organizational systems and practices to manage people so that the potential advantages of diversity are maximized while its potential disadvantages are minimized," according to Taylor Cox in "Cultural Diversity in Organizations." It is founded on the premise that harnessing these differences will create a productive environment in which everybody feels valued, where their talents are being fully utilized and in which organizational goals are met (Kandola and Fullerton 1998: 8). Before any organizations working on management of diversity few mandatory things like legal compliance, social responsibility takes care of this management. Non-compliance with legislation related to equal opportunity or equal employment or protecting women or people with disabilities will result into huge loss/penalty. In the context of such legislation, it makes good business sense to utilize a diverse workforce. The organization should be aware of its own culture, identity and other related things and willing to challenge and change the present practices, barriers to different groups. The organization has to address following questions related to diversity issues:

- What policies, practices, and ways organization has those have impact on different groups?
- What organizational changes should be made to meet the needs of a diverse workforce as well as to maximize the performance and fulfil the diverse demand of today?

For e.g. the non-discrimination policy - Generally speaking there should not be any discrimination on the basis of race, color, national origin, religion, sex, gender, physical or mental disability, medical condition (cancer-related or genetic characteristics), ancestry, marital status, age etc. if organization has any such policy then there is room for such difference. If above said differences will be managed well then this heterogeneous team will perform better and organizations can have a competitive edge. For diversity management leadership commitment and the involvement of top management plays a central role.

Diversity management is initiated as a top-down process, and managing for diversity should constitute a strategic element of the business plan. (Wrench 2007: 12; Schwarz-Wölzl/ Maad 2004a: 44f.) Diversity is managed through three levels i.e. individual, department and organizational level.

For domestic and MNC's, at the strategic level, what is required is a management philosophy that understands diversity is crucial for organizational success. Top management commitment to diversity should be reflected in the organizational vision, mission and business strategy in order to remove psychological and operational barriers to managing diversity. If such commitment is unsuitable with the current organizational culture, then a more crucial culture change may be necessary in order to existence of an atmosphere includes mutual respect of all employees. At the tactical level, a range of HRM diversity policies can be formulated in order to bring support for this management philosophy. Measuring the employees' perception of the existing HRM diversity practices and their expectations can be conducted to ease policy development. At all levels, line managers should play a more crucial role in diversity management. Hence, line management should be involved more in the decision-making process in order to fully recognize and effectively take action into diversity management. Following figure summarizes the definition and implementation of all levels:



**Framework of HR Diversity management**

Self-monitoring refers to employee's awareness of how his/her behavior affects another person along with his/her willingness to modify this behavior based on knowledge of its impact. Empathy enables the receiver to go beyond the literal meaning of a message and be at

the sender's position to understand his/her feelings, values, assumptions, and needs. Mentoring and Diversity sensitivity training to create a culture that follows the mission, vision, and values set forth by the leadership or for the businesses facing rapid demographic changes in their local consumer market and labor pool which can enhance efficiency of an organization. Through Diversity Management organizations can fulfill the following objectives:

- Sustaining awareness of diversity (Provide information on workplace diversity) Through orientation and induction all new employees are introduced to their obligations and responsibilities, workplace diversity, Values and Code of Conduct etc. Sharing diversity event calendar and Celebrating different Diversity events
- Demonstrating workplace diversity in leadership and commitment (Treat others with respect, courtesy and consideration) Managers' behavior acts as a model for all employees, with accountability communicating effectively with employees. Employees demonstrate personal integrity by upholding the Key Behaviors, with accountability. Supporting flexible working arrangements. Recruitment processes and fair selection decisions based on merit
- Maintaining a safe and secure work environment (feel like home) All should be clear with their roles and responsibilities and stick to that. Employees must act in accordance with the Key Behaviors, Values and Code of Conduct. They should be provided with the proper ergonomics and stress free environment. Employees can be provided with flexi time work schedule. Each staff member has an important role in creating an environment where diversity is valued.

A diverse workforce requires effective HRM policy and practices. For example, ensuring that tests used to select employees are not biased against groups such as older workers. With regard to work design, employees need flexible schedules that allow them to meet non-work commitments. With regard to training, all employees need to be made aware of the benefits of inclusive work practices. With regard to remuneration and rewards, benefits such as old age and childcare need to be included in reward systems to accommodate the needs of a diverse workforce.

Recommended steps that have been proven successful in world-class organizations are:

- **Assessment of diversity in the workplace** – Top companies make assessing and evaluating their diversity process an integral part of their management system. A customizable employee satisfaction survey can accomplish this assessment for your company efficiently and conveniently. It can help your management team determine which challenges and obstacles to diversity are present in your workplace and which

policies need to be added or eliminated. Reassessment can then determine the success of you diversity in the workplace plan implementation.

- **Development of diversity in the workplace plan** - Choosing a survey provider that provides comprehensive reporting is a key decision. That report will be the beginning structure of your diversity in the workplace plan. The plan must be comprehensive, attainable and measurable. An organization must decide what changes need to be made and a timeline for that change to be attained.
- **Implementation of diversity in the workplace plan** - The personal commitment of executive and managerial teams is a must. Leaders and managers within organizations must incorporate diversity policies into every aspect of the organization's function and purpose. Attitudes toward diversity originate at the top and filter downward. Management cooperation and participation is required to create a culture conducive to the success of your organization's plan.
- **Ward off change resistance with inclusion** - Involve every employee possible in formulating and executing diversity initiatives in your workplace.
- **Foster an attitude of openness in your organization** - Encourage employees to express their ideas and opinions and attribute a sense of equal value to all. Promote diversity in leadership positions. - This practice provides visibility and realizes the benefits of diversity in the workplace.
- **Utilize diversity training** - Use it as a tool to shape your diversity policy

## CONCLUSION

As multicultural organizations become more global in their operations, difficulties arising out of the cultural diversity of the organization's members and clients become more apparent to the managers of these diverse organizations. Management behaviors are based upon cultural things. As organizations operate across multiple cultures, those things change. Managerial behaviors that are suitable under certain cultural assumptions can become dysfunctional under other cultural assumptions. In order to address these considerations, Doktor, Tung and von Glinow (1991, 363) propose that management theorists should develop methods that capture these realities. In terms of global diversity management, there is need for new and systematic conceptual frameworks, methods for research as well as new programs for training and educating the new cohort of global diversity managers. (Ozbilgin, 2005)

The study provides insight on the kind of diverse workforce the organizations have and the need to manage the present diversity. It also talks about the diversity managing techniques and also through proper HRM policy and practices organizations can overcome barriers and manage a diverse workforce. Also focuses on the benefits of managing the diversity and challenges in managing the workforce. The study clearly emphasizes that organizations should take initiative to manage the diversity and to have competitive advantage. It is impossible for any organization to survive without managing the workforce diversity in today's ever-changing fast track environment.

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