

Vol.2 Issue 2 July - Dec 2010

ISSN 0974 - 6722



RVIM JOURNAL OF MANAGEMENT RESEARCH

Rashtreeya Sikshana Samithi Trust

R.V. INSTITUTE OF MANAGEMENT

CA 17, 26th Main, 36th Cross, 4th 'T' Block, Jayanagar, Bangalore - 560 041

Ph: 080-26547048, 42540300 • Fax: 080-26654920

Email : rvimjournal@gmail.com, journal@rvim.in • Website : www.rvim.in

RVIM Journal of Management Research is a half yearly publication from the portals of R. V. Institute of Management, Bangalore. Its objective is to disseminate knowledge in functional areas of management with inter-disciplinary approach.

Copyright © 2009.

R. V. Institute of Management, Bangalore

Title Registered with the Registrar of Newspapers for India - KARENGO3637

Declaration : MAG(2)CR/PRU/76/07-08 Dated 27th October 2009

ISSN 0974 - 6722

Published by : Dr. T.V. Raju,
Director - R. V. Institute of Management,
on behalf of R. V. Institute of Management,
Bangalore

Edited by : Dr. T.V. Raju,
Director - R. V. Institute of Management,
CA 17, 26th Main, 36th Cross, 4th "T" Block,
Jayanagar, Bangalore - 560 041

Printed by : Manjunath M.
Manju Print Process
No.10, 8th Cross, Ashok Nagar,
Bangalore - 560 050
Mob.: 98453 75399

The views expressed in the Journal do not reflect the opinion of the Institute.

RVIM Journal of Management Research is published half yearly and is available against subscription only.

Subscription rates for Individual/Institutions is Rs. 500/- per year.

Send request to
The Circulation Manager
R. V. Institute of Management
CA 17, 26th Main, 36th Cross, 4th "T" Block,
Jayanagar, Bangalore - 560 041
Ph: 080 26547048, 42540300
Fax: 080 26654920
Email: rvimjournal@gmail.com
Website: www.rvim.in

Vol.2 Issue 2 July - Dec 2010

ISSN 0974 - 6722



RVIM JOURNAL OF MANAGEMENT RESEARCH

Rashtreeya Sikshana Samithi Trust

R.V. INSTITUTE OF MANAGEMENT

CA 17, 26th Main, 36th Cross, 4th 'T' Block, Jayanagar, Bangalore - 560 041

Ph: 080-26547048, 42540300 ♦ Fax: 080-26654920

Email : rvimjournal@gmail.com, journal@rvim.in ♦ Website : www.rvim.in

EDITORIAL BOARD

Chief Patron:

Dr. M.K. Panduranga Setty

President - Rashtreeya Sikshana Samithi Trust, Bangalore.

Patrons:

1. **Sri M. K. Dattaraj**, Trustee - RSST, Chairman-Governing Council, RVIM, Bangalore.
2. **Sri A. V. S. Murthy**, Hon. Secretary - RSST, Bangalore.

Chief Editor

Dr. T. V. Raju, Director - R.V. Institute of Management, Bangalore.

Editorial Advisory Panel:

- 1 **Dr. N.S.Vishwanath**, Resident Director, BVB Marshall MBA Programme, Bangalore.
- 2 **Mr. P. B. Kotur**, Manager - Talent Transformation, Wipro Technologies, Bangalore.
- 3 **Mr. Y.S.Hegde**, Consultant - TCS.Ltd., Bangalore.
- 4 **Mr. V.C.Joshi**, Senior Financial Consultant, Pune.
- 5 **Mr.Subhash Sharma**, Dean - Indian Business Academy, Bangalore.
- 6 **Dr. Sunil Abrol**, Director General - Consultancy Development Centre, New Delhi. '
- 7 **Mr.Venkatesh Prasad**, Chief Executive Officer, RV-VLSI Design Centre, Bangalore.

Editorial Team:

1. **Dr.R.K.Gopal**, Professor & H.O.D - MBA Dept., RVIM, Bangalore.
2. **Mrs. Shubha Muralidhar**, Asst. Professor - RVIM, Bangalore.
3. **Ms. Nandita Chatterjee**, Assistant Professor, RVIM, Bangalore.
4. **Mrs. Jayanthi P. Patil**, Senior Lecturer - RVIM, Bangalore.

Language Editors :

Prof. K. R. Ananda Rao, Bangalore.

Mr. Sampath Kumar, Administrative Officer, RVIM, Bangalore.

Production & Marketing Team :

Mr. R Srivats, Asst.Professor - RVIM, Bangalore.

Mr. A Chandran, Faculty, RVIM, Bangalore.

Mr. Manjunath S Menedhal, Faculty, RVIM, Bangalore.

From the Desk of Chief Editor ...✍

Welcome to the Volume 2 issue 2 of the RVIM Journal of Management Research. I would like to express my heartfelt thanks to all the authors who have contributed to the journal. My sincere thanks to the reviewers and the editorial team for their contribution. The current issue includes both conceptual and empirical papers. The articles reflect the original thoughts, ideas, opinions and beliefs that will encourage professional thinking. This journal would serve as a channel for knowledge sharing among academicians and practising managers. This journal endeavours to suffice the information and practical application needs of researchers. We hope the readers will thoroughly enjoy the papers presented in the journal.

Dr. T V Raju,
Director, RVIM.

CONTENTS

Pg 1-11	EXPLORING RURAL INDIA: A NEW FACE OF INDIAN TOURISM <i>MS. ANAGHA SHUKRE</i>
Pg 12-25	THE MARKETING PROBLEMS OF SMALL SCALE ENTREPRENEURS <i>DR. BRINDA KALYANI P R</i>
Pg 26-40	A STUDY ON BANKING HABITS AMONGST FARMERS IN RURAL AREAS OF SHIMOGA DISTRICT IN KARNATAKA STATE <i>DR. R. NAGARAJA</i>
Pg 41-50	UTILIZATION OF FUND TO IMPROVE PROFITABILITY OF MULTINATIONAL COMPANIES IN INDIAN PHARMACEUTICAL SECTOR: A STUDY <i>MR. KAUSHIK CHAKRABORTY</i>
Pg 51-62	SIGNIFICANT FACTORS INFLUENCING PARAMETERS OF INDUSTRIAL RELATIONS IN AN ORGANISATION <i>PRUTHVIRAJA PANDE DR. S. RAMESH</i>
Pg 63-74	ANALYSIS OF ETHICAL ATTITUDES OF MANAGERS IN SELECTED INFORMATION TECHNOLOGY COMPANIES AT CHENNAI <i>DR. V. RAMANUJAM</i>
Pg 75-88	WHAT APMCS CAN DO TO MOTIVATE FARMERS OF KARNATAKA TO MARKET THEIR AGRICULTURAL PRODUCE AT APMC YARDS. - AN EMPIRICAL STUDY <i>R.G. PATIL R.L. NANDESHWAR.</i>
Pg 89-100	SUPERIOR PRODUCTIVITY NEEDS EFFECTIVE COMMUNICATION SYSTEM: AN EMPIRICAL STUDY ON CONSTRUCTION INDUSTRY <i>DR. DEBAJANI SAHOO MR. S. SURESH KUMAR**</i>
Pg 101-109	STUDY ON THE FOREX TRADING STRATEGY FOR THE CURRENCY PAIR EUR/USD <i>DR. R. NANDAGOPAL L. S. SRIDHAR M. SATHISH</i>
Pg 110-127	CRITICALITY OF DATA IN SUCCESSION PLANNING - A CASE STUDY <i>V. VIJAYA VIPIN KUMAR</i>

EXPLORING RURAL INDIA : A NEW FACE OF INDIAN TOURISM

Ms. Anagha Shukre

ABSTRACT: *Across the world the trends of industrialization, globalization and development have resulted in an urbanized western centric approach. Alongside, the stresses of urban lifestyles have led to a “counter-urbanization” syndrome including aftereffects of stress, fast life and survival in an intense competitive environment. At the same time, the saturation of urbanization has led to falling income levels, lesser job opportunities in the areas leading to a syndrome amongst rural migrants. This has spurred a growing interest in reverting back to the old forms of living and dwelling in a spellbound experience to live a relaxed and a healthy lifestyle. So, a new concept of tourism of visiting village settings has taken the shape of a formal kind of Rural Tourism. Rural Tourism while on one side can bring about significant improvements in incomes and living standards of rural folk, on the other side, it can bring about phenomenal success in economic growth. This paper explores the business opportunities and challenges associated with the development and management of rural tourism. It examines the various facets of rural tourism and how it can serve to be a winning game for both rural and urban communities.*

Keywords :
*Rural tourism,
Agri - tourism,
Economic Develop-
ment through
rural tourism*

Objectives

To explore the business opportunities and challenges associated with the development and management of rural tourism.

To examine the various facets of rural tourism and

To study how it can serve to be a winning game for both rural and urban communities.

1.Introduction

Every country is involved in promoting tourism in a big way. Tourism has become a top priority of the economic agenda of all the countries. For example,

in Malaysia, tourism is the top revenue generating sector. In India, tourism is slowly getting due focus taking into account the country's rich heritage and cultural tradition. Tourism is projected as an engine of economic growth and as an instrument for eliminating poverty, solving unemployment problem, opening up new fields of activity.

India's present economic reforms have given a big push to the tourism sector. The tourism sector is one of the major foreign exchange earners for the country. In 2007, 50 lakh tourists visited India, up from 44.5 lakh in 2006. Correspondingly, the foreign exchange earnings grew 33% to over \$12 billion, compared to \$9 billion in 2006.

*Asstt. Professor, Institute of Management Studies, C-238, Bulandshihar Road Industrial Area, G.T Road, Lal Quan, Ghaziabad.

According to estimates, 40.6 crore domestic tourists have criss-crossed the length and breadth of the country in the past two years. This means that if the tourist expenditure circulates locally and the leakages are low, a significant improvement can be made in the income and living standards of the people of the region or locality. However, a developed region can often divert the benefits towards itself at the cost of the underdeveloped neighbouring regions. Such situations have been experienced in both international as well as domestic tourism. Further, intense competition can be there within a country between different regions, destinations or leisure spots and among the various suppliers of services. [4]

Rural India has much to offer beyond agriculture. It has a great potentiality for different growing segments of tourism like eco tourism, adventure tourism, health tourism, farm tourism, endogenous tourism, nature tourism, cultural tourism, religious tourism and the like. In India the entire package of rural tourism is still at an infant stage. Adequate efforts have not been made so far to effectively market this concept abroad. Rural areas in Rajasthan and Kerala are attracting tourists on their own and Uttar Pradesh and Bihar have started attracting tourists. Worldwide, rural tourism which offers these niche segments is a growing concept. While tourism in general is growing at an annual rate of 4%, nature travel is increasing at an annual rate of between 10% and 30%, says the World Resources Institute. [3]

The World Tourism Organisation estimated that all nature-related forms of tourism accounted for about 20% of

total international travel and nature tourism, in particular, generates 7% of global travel expenditure. Experts like Fillion found that 40-60% of such tourists are nature tourists and 20-40% are wildlife-related tourists. Figures may differ as it is difficult to record the exact number of tourist arrivals and the spots they are visiting. But the gross estimates of relevant agencies and experts are sufficient pointers to the fact that rural tourism is not only a growing concept, but a money spinner. The World Travel and Tourism Council (WTTC) has identified India as the foremost tourist growth centre in the coming decade and has projected its growth at 9.7% per annum. India will emerge as the second largest creator of employment from tourism, next to China. [16] That such rural tourism can improve the income of rural folk is beyond doubt. The issue is of rural tourism on a sustainable basis. Different facets of nature lure tourists. It is, therefore, advisable that nature is maintained in its true form. But there are instances of deliberate exploitation of nature for minting money.

Different studies are done on identifying areas of rural tourism. The UNDP sponsored project is being implemented in different parts of the country through the participation of Central and state governments and NGOs. A recent study jointly undertaken by the Federation of Indian Chambers of Commerce and Industry (FICCI), Rajasthan government and the credit rating agency Crisil has divided the state into eight tourist circuits. These circuits are: Jaipur-Tonk-Madhapur circuit, Shekhawati circuit, Mewar circuit, Hadoti circuit, desert

Rural India has much to offer beyond agriculture. It has a great potentiality for different growing segments of tourism like eco tourism, adventure tourism, health tourism, farm tourism, endogenous tourism, nature tourism, cultural tourism, religious tourism and the like.

Rural tourism has been receiving the much-needed attention in the recent past due to the benefits it can give to rural areas in terms of alternative source of income, community development and nature preservation.

circuit, Ajmer-Pushkar-Merta-Nagpur circuit, Mount Abu circuit and Vagad circuit. [16]

2. Definition of Rural Tourism

In the west, and other developed countries, they call it Farm Tourism, as it largely offers a 'back to nature' experience. Rural Tourism, the nomenclature India has adopted, goes far beyond the western concept. India, it has been aptly said, lives in its villages, and that is where a visitor can get the feel of the real India. The official booklet on the subject says it succinctly. "The rural heartland of India", it points out, "is home to an array of endowments, each distinctive, with lifestyle redolent of art, craft, and culture and natural heritage. Rural tourism thus connects the visitor from the frenetic present with the traditional assets of communities whose domain lies off the beaten track. It recognizes the role of women in civil society, the primacy of human development and the preservation of heritage". [1]

Any form of tourism that showcases the rural life, art, culture and heritage at rural locations, thereby benefiting the local community economically and socially, as well as enabling interaction between the tourists and the locals for a more enriching tourism experience, can be termed as rural tourism. Rural tourism is essentially an activity, which takes place in the countryside. It is multi-faceted and may entail farm/agricultural tourism, cultural tourism, nature tourism, adventure tourism, and eco-tourism. As against conventional tourism, rural tourism has certain typical characteristics; it is experiential, the locations are sparsely

populated, it is predominantly in natural environment, it meshes with seasonality and local events, and is based on preservation of culture, heritage and traditions. In rural India, a diminishing global resource, provides us with an increasingly important environment for tourism. Rural tourism has been receiving the much-needed attention in the recent past due to the benefits it can give to rural areas in terms of alternative source of income, community development and nature preservation. The ways to provide enriched and unique cultural experiences can also benefit urban consumers. [3]

3. Why Rural Tourism?

Across the world the trends of industrialization and development have had an urban centric approach. Alongside, the stresses of urban lifestyles have led to a "counter-urbanization" syndrome. This has led to growing interest in the rural areas. At the same time this trend of urbanization has led to falling income levels, lesser job opportunities in the rural areas, leading to an urbanization syndrome in the rural areas. Rural Tourism is one of the few activities, which can provide a solution to these problems. Besides, there are other factors which are shifting the trend towards rural tourism, like increasing levels of awareness, growing interest in heritage and culture and improved accessibility, and environmental consciousness. The saturation of urban areas has led to falling income levels, lesser job opportunities in the urban areas, leading to a syndrome amongst rural migrants. This has spurred a growing interest in reverting back to the old forms of living and dwelling in a spell bound experience to live a relaxed and a

healthy lifestyle. So, a new concept of tourism of visiting village settings has taken the shape of a formal kind of rural tourism. Rural tourism, while on one side can bring about significant improvements in incomes and living standards of rural folk, on the other side it can bring about phenomenal success in economic growth. In the developed countries, this has resulted in a new style of tourism of visiting village settings to experience and live a relaxed and healthy lifestyle. This concept has taken the shape of a formal kind of Rural Tourism. Rural India has much to offer to the world. Rural India has a great potential to attract foreign tourists. Rural tourism showcases the rural life in India, the art, culture and heritage, the nature and wild life and various other aspects of rural India. Rural India with its rich reservoir of traditions, arts and crafts can become the most desired tourist destination, if the concept of rural tourism is marketed well. Rich in traditions of arts, crafts and culture, rural India can emerge as an important tourist spot. New opportunities are being tapped to promote economic, adventure, rural, postage, wildlife and health, and medical tourism including herbal, across the globe. Amongst the people residing in developed countries there is a growing demand / desire to experience and understand traditional ways of life. Best example in support of this concept is Rajasthan. Despite the absence of any promotional activity for rural tourism, thousands of foreign tourists visit rural areas in Rajasthan, Gujarat and south India every year. This in itself is a proof of the viability of the concept of rural tourism. Upcoming replica of villages at

Chokidhani in Jaipur, at Vaishali in Ahmedabad, even Chaupal at Ashok Hotel, New Delhi to create the necessary effect are also steps towards the same direction. For marginal farmers, farming alone cannot bring the necessary financial benefits. Attracting tourists to rural India could open a new earning stream and help promote village handicrafts, food and culture. Agri Tourism is another face of rural tourism- Old ways, new ideas.[2][5]

Agri-tourism is all about unraveling various facets of village life. This includes opening up farms to tourists from cities and abroad, and letting them spend some time in the lap of nature. Apart from telling them about the various crops and how they are sown and harvested, agri-tourism exposes tourists to authentic food, handicraft, dress, culture, music and language. Tourists get to indulge in rural activities such as bullock-cart rides, milking cows and goats and picking farm-fresh fruits and vegetables. The activities may vary from village to village, as a country as diverse as India has so many different experiences to offer. Agri-tourism activities can help generate more jobs in rural areas, and thus reduce large-scale migration from villages to cities. Setting up an agri-tourism farm doesn't cost the earth. It can be developed in a village where farmers are willing to showcase their culture and traditions. All one needs to set up is a decent boarding and lodging facility for tourists. It is important to have a clean place and hygienic food. The expenditure on travel, food and accommodation is low and so it is easy to scale up the number of tourists they can receive.[5][6]

Rural tourism showcases the rural life in India, the art, culture and heritage, the nature and wild life and various other aspects of rural India. Rural India with its rich reservoir of traditions, arts and crafts can become the most desired tourist destination, if the concept of rural tourism is marketed well.

DARE/estimates	
Number of foreign tourists who visited India in 2007	50 lakh
Number of domestic tourists in 2007	40.6 crore
Total number of tourists in 2007	41.1 crore
Say, 10% of tourists are game for agri tourism	4.11 crore
Tariff from one tourist for a day	500 Rest
Example: each tourist stays for	2 days
Earning from each tourist	1,000 Rs
Estimated size of opportunity	4,100 Rs crore

Source: <http://www.dare.co.in/opportunities/agriculture-rural/digging-gold-in-rural-india.htm>

According to an estimate agri and rural tourism is worth Rs. 4,300 crores in the country and has a huge potential to grow, with the booming tourism industry crossing 4 million tourist arrivals per year.

DARE/money matters	
Number of foreign tourists who visited India in 2007	4
Size of one room	180 sq ft
Cost of constructing one room	400 Rs/sq ft
Cost of furnishing one room	300 Rs/sq ft
Total cost of one room	1,26,000 Rs
Total cost of four rooms	5,04,000 Rs
Earnings	
Say, 10 tourists visit the village for	104 days/year
104 days/year	500 Rs
Gross earnings	5,20,000 Rs
Expenses	
Monthly spend on food, electricity etc	15,000 Rs
Annual spend on food, electricity etc	1,80,000 Rs
Loan repayment of Rs 5 lakh	1,50,000 Rs
Total spend	3,30,000 Rs
Net Earnings per year	1,74,000 Rs

Source: <http://www.dare.co.in/opportunities/agriculture-rural/digging-gold-in-rural-india.htm>

So, presuming that 10% of the total number of tourists may consider visiting various farms across the country during the year, the number would be close to 4.1 crores. Each person stays for about two days, and the tariff is Rs 500 per day. Thus the size of the opportunity is a whopping Rs 4100 crores! Agri-tourism is now growing in a big way. However, it may take some time before it starts to grab a major share of the revenue generated from tourism-related activities. There is a huge scope of developing various pockets of agri-tourism in the country, as India is a country of extreme diversity. There is a saying in India that "with every 12 miles that one crosses, the water changes, the culture changes and the food habits change. So at every 12 miles there can be an agri-tourism project!" [6][8]

4. Major Challenges

The development of those rural areas must be sustainable and should be able to meet the needs of the present and future generations. Hence we must ensure that development of these rural areas maintains the economic, social, sociological sustainability. There are a number of tourist destinations in India, which have a great potential but have not yet been explored. The following issues are a matter of concern contributing to a great extent for pathetic situations in these areas, which of course pose major challenges [8][9][7]:

1. Poor Infrastructure
2. Lack of public and political will
3. Lack of social awareness
4. Late realization of the fact that tourism can also play a great role in development.
5. Political games

6. Illiteracy
7. Belief that only agriculture can help people
8. Though it has been more than 50 years since Independence it can still be found that it is a new country.
9. Ecological disturbance
10. Improper tourism marketing
11. Lack of planning
13. Instability of the Government.
14. Less allocation for tourism infrastructure and technological backwardness
15. Attitude of people due to unawareness
16. Absence of people participation
17. Absence of supporting industry, like food, transportation and textiles etc.

Nevertheless, when it comes to cities and leisure spots/heritage sites - particularly in the rural areas, marketing becomes a major problem. This is because the local bodies are either not aware about the developmental role of tourism or are constrained by their own politics or lack of funds. It must be noted that in the marketing of a destination (region, city or leisure spots) we should consider the following aspects:

1. Attractions - like promotion of rural tourism around a heritage site
2. Infrastructure (accommodation, cuisine, hygiene, clean water, basic amenities etc.)
3. Accessibility (roads, means of transportation)-Ideally, should not be too far from railhead or airport: 2-2 1/2 hr.
4. Carrying capacity of the destination,

We must ensure that development of these rural areas maintains the economic, social, sociological sustainability. There are a number of tourist destinations in India, which have a great potential but have not yet been explored.

The tourism ministry has since launched a major rural tourism project, covering the whole country, in association with UNDP (United Nations Development Fund).

5. Environmental issues (Pollution, Eco-fragility, etc.)
6. Safety, law and order situation (for both the local population as well as tourists), etc.
7. Enhancement of rural tourism; could be a destination with a unique selling proposition for e.g.
8. Atithi Devo Bhava is more practised in rural India than anywhere else
9. An experience one cannot have anywhere in the world - equate with west
10. Actually living with people
11. Diversity of culture, language, food, craft
12. Exposure to heritage sites
13. Coming back to nature
14. Health - physical and mental both: yoga, exposure to local medicine or Indian system of medicine e.g. Ayurveda, Unani. Then there is yoga, various types of massages
Tranquility - away from humdrum, stressless and strain free stay
15. Not necessarily, though promoting vegetarianism can also be a USP
16. Environment friendly
17. Freshness in food ingredients when procured locally - may be organically cultivated
18. Local crafts and cottage industry can provide unique shopping experience (inexpensive)
19. For investors also, promotion of rural tourism investment could bring in higher returns on comparatively low investments.

5. Development Through Rural Tourism and the Role of Government

Tourism has thus become established as an economic activity. Marketing strategies concentrate on increasing the volume of tourists. This, at times, creates a host of unforeseen consequences. Thus, it is necessary that the objectives of tourism development in relation to a region, city or (a rural area) leisure spot be clearly stated. In fact, the developmental role of marketing has to be kept in mind while marketing regions, cities or leisure spots (a rural area). This developmental role is to be further strengthened by socially responsible marketing. For the communities to further benefit from rural tourism, it is essential that the government do some amount of formal planning and interventions. (Campbell 1999) Though it is hailed as a tool for regional development, there is rarely a clear conception of rural tourism or its role in rural regions or local communities, which could lay down strategy or planning. (Butler et al., 1998).

For the development of rural India, government is promoting rural tourism. The tourism ministry has since launched a major rural tourism project, covering the whole country, in association with UNDP (United Nations Development Fund). Some fifty villages have already been chosen, where access and basic infrastructure like accommodation, food and guides are being provided. To quote again from the official booklet, "virtually every corner of rural India possesses a craft or traditional skill, preserved and passed on by the gurus to their pupils.....Patachitra painting and Gotipura dance in Raghurajpura, Ikat

style weaving in Pochampally, metal mirrors and Vaastu Vidya in Aranmula, the Chanderi weave in Pranpur, embroidery in Hodka the list is endless". "For the visitor", it adds, "rural tourism will add value through packaged programmes in art and craft, imparted by skilled local artisans. And village entertainment groups will unveil local history, and cultural, natural and oral treasures." The important role of participatory and community based organizations like cooperatives / panchayats in promoting tourism is beginning to be recognized. As a result, concepts like "sustainable tourism", "peace through tourism", "poverty reduction through tourism", 'community tourism', etc., which can best be implemented through participatory institutions, are being popularized in a big way. [10][8]

Under this Scheme, thrust is to promote village tourism as the primary tourism product to spread tourism and its socio-economic benefits to rural and its new geographic regions. Key geographic regions need to be identified for development and promotion of Rural Tourism. The implementation is being done through a Convergence Committee headed by the District Collector. This convergence committee has been set up under the Collector to oversee the implementation of the project. The execution of the work is entrusted to any central govt./state govt. agency and the Government of India would release the funds directly to the implementing agency, as recommended by the state government. In fact, many states on their own initiative, have begun promoting rural tourism. For instance the forest department of the Uttaranchal government has set up

'Centre for Ecotourism and Sustainable Livelihoods'. This centre aims at capacity building of local communities and promotion of rural tourism. Activities like improving the environment, hygiene, infrastructure etc. are of course eligible for assistance. Apart from providing financial assistance the focus should also be to tap the resources available under different schemes of department of rural development, state governments and other concerned departments of the Government of India. [12][13]

A detailed plan for implementation of the project is being thought about. A maximum of Rs. 50 lakhs would also be sanctioned under various schemes. The following jobs get taken up under the Scheme—

- i) Improvement of the surroundings of the village. This would include activities like landscaping, development of parks, fencing, compound wall etc.
- ii) Improvements to roads within the Panchayat limits. This shall not include the major roads which connects the village.
- iii) Illumination in the village.
- iv) Providing for improvement in solid waste management and sewerage management.
- v) Construction of Wayside Amenities.
- vi) Procurement of equipments directly related to tourism, like Water Sports, Adventure Sports, Eco-friendly modes of transport for moving within the tourism zone.
- vii) Refurbishment of the Monuments.
- viii) Signages

"Rural tourism will add value through packaged programmes in art and craft, imparted by skilled local artisans. And village entertainment groups will unveil local history, and cultural, natural and oral treasures."

- ix) Warm reception of the tourists
- x) Other work/activities directly related to tourism
- xi) Tourist Accommodation

6. Benefits

This country has more compelling reasons to aggressively promote rural tourism. One, is the immense potential for employment of rural youth, the other, is that it could check the rapid rural migration which is having an adverse effect on cities. Besides, rural tourism could not only revive pride in rural life-styles, but also help improve the quality of life in villages. This segment of tourism, though new to India and well established elsewhere, fits in with the government's avowed policy of improving the lot of the rural masses. Tourism has many potential benefits for rural areas. Tourism can be an important source of jobs for non-metro communities and offer business opportunities to local residents. It can enhance local quality of life, through tax collection and also support local culture, arts and crafts business of that particular region.[14][11] Tourism also supports rural areas by encouraging restoration of local and historical sites. Tourism, which is generally considered to be a relatively clean industry, may foster local conservation efforts and development through community involvements. The rural tourism helps in improving lives of rural people and maintaining the quality of environment. Rural tourism would lead to employment for people in these areas who would be required to work in restaurants, as tourist guides, for cultural performances and as salespersons for handicrafts

manufactured by self-help groups and local artisans. It would also generate revenue for villages through levy of tourist fees and charges for parking of vehicles and renting of shops.[7][13] Rural tourism is seen as a means of alternative development strategy for economic and social regeneration of rural areas, as a catalyst to stimulate economic growth, increase viability of underdeveloped regions and improve the standards of living of local communities. (Brieddenhann and Wickens, 2004) In Panchayati Raj System, which is a three tier system, very clearly says that the each and every village must be capable of earning its livelihood and if each village would be capable of doing so the development will automatically come. These villages or rural areas will become self-dependent by providing livelihood to the residents and their future generations. The industry must come up with a plan to attract maximum number of domestic and international travelers by realizing the strengths of these projects and promoting the same in a decent manner. To help and encourage the rural people, government and the private companies together must provide sufficient funds and amenities, which can facilitate the development of the place. This is possible only if a strong political will, an efficient tourism development plan, plus a good and trustyworthy private and public partnership on the basis of BOT(build, operate and transfer)exists. Tourism growth potential can be harnessed as a strategy for rural development. The development of a strong platform around the concept of Rural Tourism is definitely useful for a country like India, where almost 74% of the population resides in its 7 million villages. Rural tourism has

The development of a strong platform around the concept of Rural Tourism is definitely useful for a country like India, where almost 74% of the population resides in its 7 million villages.

been seen as a tool through which many developmental problems in rural areas can be addressed.[10][15] In less developed countries like sub-Saharan Africa afflicted by debilitating rural poverty, tourism is perceived to be one of the few feasible options for development. (Briedenhann and Wickens, 2004).

7. Recommendations

It is highly imperative to make rural people understand and be aware about the benefits of tourism to get their support, because there is no way one can succeed in promoting a destination in rural areas without the support of local people. One needs to educate them about the benefits and help them to understand that there is a way to earn living beyond the agricultural practices. Keeping in mind that rural tourism mainly attracts foreign tourists, basic facilities should be provided in villages. Services like internet, land line telephones, neat and clean accommodation with proper electricity and water supply and well-connected modes of transportation should be made available. Promoting rural tourism would call in aspects of social marketing by promoting culture, festivals, fairs, folks, tradition and crafts. It is necessary to present rural India -the "Real India" in the most righteous manner, not to forget innocence and kind gestures which can really win hearts of people. Aggressive campaigning like "Rural India - Experience the Real India" must be promoted on all major Indian travel websites. Websites dedicated to rural culture, dance, festivals and other arts and crafts should be launched. It is important to take a few villages at a

time - improve the basic infrastructure, do the needful and then go for more villages. In this way, one can learn from one's previous mistakes and do better.

8. Conclusion

India has a global edge in its potential to offer unique experiences, particularly linked to rural India, which has tremendous wealth in its rich traditions, lifestyle, culture and wisdom. Unfortunately, tourism in these areas is at a nascent stage and it can therefore absorb much of the necessary expansion in the tourism sector as a whole. Why cannot we enable a farmer to make money with an outdoor recreation sideline? We need a plan for rural tourism's marketing. The Central Government's varied schemes on rural tourism, including activities such as improvement of infrastructure, need to be implemented in a big way. It is the revitalization of rural areas through tourism in India.

References:

1. Piplani N K, Strategies for Marketing Rural Tourism in India : paper presented at International Conference and Exhibition on Rural Tourism, September 7-8, 2001, Udaipur, and Rajasthan from <http://www.ficci.com/media-room/speeches-presentations/2001/sep/sep-tourism-strategies.htm>
2. Hall Derek, Lesley Roberts, Morag Mitchell, "New Directions in Rural Tourism" from http://www.indianmba.com/Faculty_Column/FC184/fc184.html
3. Anonymous, "Rajasthan to develop rural tourism", from

It is necessary to present rural India -the "Real India" in the most righteous manner, not to forget innocence and kind gestures which can really win hearts of people. Aggressive campaigning like "Rural India - Experience the Real India" must be promoted on all major Indian travel websites.

<http://timesofindia.indiatimes.com/articleshow/1773799.cms>

4. Ranjan Rakesh, "Indian Experiences", from <http://travinfoindia.wordpress.com/2007/02/27/is-rural-tourism-in-india-still-a-myth/>
5. Aithat, Rajesh et al., 2008, "Concept, Applications and marketing of rural tourism", conference proceedings, conference held in Apr.'08 at IIM, Kozikhode.
6. Briedenhann & Wickens (2004) "Tourism routes as a tool for the economic development of rural areas- vibrant hope or impossible dream ?", *Tourism management* 25(2004),71-79.
7. Fleishcher Aliza and Abraham, 1997, "Rural Tourism in Israel," *Tourism management* 18(2),367-372.
8. Campbell Lisa M. (1999), "Ecotourism in Rural developing Communities", *Annals of Tourism Research*, Vol. 26,no.3,pp. 534-553.
9. Anonymous, "It's a niche that India can offer", from <http://www.financialexpress.com/news/rural-tourism-its-a-niche-that-india-can-offer/112913/>
10. <http://www.dare.co.in/opportunities/agriculture-rural/digging-gold-in-rural-india.htm>
11. Anonymous, "Back to basics: rural tourism in India" from <http://www.thingsasian.com/stories-photos/36943>
12. Butler Richard, Pearce Douglas G., (1998) "Tourism research : Critiques and challenges", from http://books.google.co.in/books?id=LZYOAAAAQAAJ&pg=PA164&lpg=PA164&dq=rural+tourism+%2Bbutler&source=bl&ots=YIOMJjTi9s&sig=unSwQrE6v0DxwFmHAL7ggVjUo&hl=en&ei=YvScSuXeOY7o6gOelJGYDw&sa=X&oi=book_result&ct=result&resnum=1#v=onepage&q=rural%20tourism%20%20butler&f=false
13. Report by United Nations' Economic council from <http://pib.nic.in/release/release.asp?relid=45034>
14. A.F.Ferguson and Co., "Rural Tourism :strategic model for India ", from <http://www.ficci.com/media-room/speeches-presentations/2001/sep/rt-pres-am-final.ppt>
15. A. Ramakuma, . Dr Shinde. Rajashree, "Product development and Rural Tourism with special reference to Maharashtra" from <http://dspace.iimk.ac.in/bitstream/2259/585/1/443-452+Prof.+A.Ramakumar.pdf>
16. Anonymous, " Sustainable rural tourism can generate long-term benefits for villagers" from <http://www.financialexpress.com/news/sustainable-rural-tourism-can-generate-longterm-benefits-for-villagers/145778/>

THE MARKETING PROBLEMS OF SMALL SCALE ENTREPRENEURS

Dr Brinda Kalyani P R*

ABSTRACT: *The Number of units Registered under SSI / MSME were 1272 in Madurai District and they had generated employment for 6166 persons in the Year 2006-07 and it further increased to 1384 SSI/MSME units which generated employment for 10,237 persons in the Year 2007-08.*

Marketing occupies an important place in the management of a small- scale enterprise. It is a key factor in determining the success of an industrial concern. Therefore the author has made an attempt to know the marketing problems faced by the Small Scale Entrepreneurs. The problems in marketing have been identified and ranked based on the intensity using Garrett's Ranking Table.

INTRODUCTION:

In a country like India where diversified classes of people dwell and many remain unemployed and underemployed, the small scale sector has emerged as a major source of employment, by creating more and more employment opportunities per unit of Capital employed. The SSI Sector provided employment opportunities to 71 lakh persons in the year 1980-81. It increased to 240.9 lakh persons in the year 2000-2001. It further increased to 287.6 lakh persons and 299.91 lakh persons in the years 2004-2005 and 2005-06 respectively. During the year 2006-2007 the SSI sector provided employment to 312.5 lakh persons.

The Number of units Registered under SSI /MSME were 1272 in Madurai District and they had generated employment for 6166 persons in the Year 2006-07 and it further increased to 1384 SSI/MSME units, which generated employment for 10,237

persons in the Year 2007-08. The sector which produces a wide range of more than 7500 products has grown phenomenally over the past five decades.

Review of Literature

C.Sounthara Pandian, in his study titled, "Growth of Entrepreneurship in Small Scale Industry: An Empirical Study in Madurai region" has highlighted the extent of the growth of entrepreneurship in Small Scale Industry and the factors influencing the growth of entrepreneurship in selected small scale units in Madurai region.

Savitha Sethi in her research entitled, "Marketing problems faced by Small-Scale Industrial units in and around Madurai" has examined a sample of 100 small-scale units. The study revealed that effort should be made to analyze the problems regarding production, marketing and finance in small- scale industries owned by the small-scale entrepreneurs in and around Madurai".

Key Words:
Small Scale
Entrepreneur, MSME

* Lecturer, Ibr College of Technology, Ibr PB 466 PC 516 Al Aqder Sultanate of Oman. Mail id: sradhaarjun@gmail.com Mobile: 00968 - 97644997

S.M.Uvaneswaran, in his study entitled, "A study on the Problems and Prospects of Leather Entrepreneurs in Erode District", has examined a sample of 42 leather entrepreneurs. The study identified the problems faced by leather entrepreneurs in production and processing, marketing, finance and personnel. The study revealed that entrepreneurs should be equipped with entrepreneurial talents and quality awareness through training programmes. Besides this, entrepreneurs should get assistance from training institutes like footwear design and development institute, National Institute of fashion technology, etc. They have to train unskilled labors, designers, and management personnel every year with the aim of raising their quality and abilities to make efficient decisions.

SCOPE OF THE STUDY

The study covers the small entrepreneurs who run small-scale industries in the Industrial estates of Madurai Region. The Marketing Problems of an entrepreneur is analysed and conclusions drawn.

OBJECTIVES OF THE STUDY

The objective of the study is

1. To analyse the profile of the sample entrepreneurs in SIDCO industrial estates of Madurai Region.
2. To analyse the marketing problems of an entrepreneur.

PERIOD OF STUDY

The fieldwork has been conducted from

May 2009 to October 2009 in order to collect primary data relating to the problems of small scale entrepreneurs in SIDCO Industrial Estate of Madurai Region.

METHODOLOGY

In this study, descriptive research design was adopted. The author has collected both primary and secondary data. Primary data was collected directly from the small scale entrepreneurs with the help of a structured questionnaire. Personal interviewing method was adopted to collect the primary data. The secondary data were collected from the membership directories of Kappalur, Pudur, Andipatti, Urnaganpatti, and Theni Industrialists' Association, the Manual of Tamil Nadu Small Industries Development Corporation Limited, the Website of Tamil Nadu Small Industries Development Corporation limited, etc.

SAMPLING DESIGN

The universe of the Study is based on the lists of Units developed by the National Informatics Centre, TNSU, Chennai and the Membership Directories of the Kappalur, Pudur, Andipatti, Urnaganpatti, and Theni Industrial Association. 144 small scale entrepreneurs have been taken as a sample by the application of stratified random sampling technique.

Stratified Random Sampling was adopted dividing the whole SIDCO Industrial Estates of Madurai Region into 5 Industrial Estates (Strata) and then randomly units were chosen as shown below.

The study covers the small entrepreneurs who run small-scale industries in the Industrial estates of Madurai Region.

Table Showing Sampling Units Selection

Region	Industrial Estate	Population(Units)	Sample(Units)
	i. Kappalur	169	56
Madurai	ii. Andipatti	5	2
	iii. Theni	37	12
	iv. Pudur	74	25
	v. Uranganpatti	147	49
	Total	432	144

Marketing occupies an important place in the management of a small-scale enterprise. It is a key factor in determining the success of an industrial concern.

The respondents were the entrepreneurs who run small-scale industrial units in SIDCO Industrial Estate, in Madurai Region. The author used Stratified Random sampling technique to collect information from the small-scale entrepreneurs in Madurai Region. Each SIDCO Industrial Estate was considered as one stratum. The sample units were 144 and the sample size was 33.33%, which is one third of the population. This was done proportionately from the population.

DATA COLLECTION AND PROCESSING

Percentage analysis and Garret's Ranking Table were used as tools for data analysis. Garret's ranking table is considered to be one of the best tools of analysis to measure the intensity of a problem or to rank any related issues.

Marketing Problems

Marketing occupies an important place in the management of a small-scale enterprise. It is a key factor in determining the success of an industrial concern. Therefore the author has made an attempt to know the marketing problems faced by the Small Scale

Entrepreneurs. The problems of marketing have been studied under the following variables. They are:

1. Product mix
2. Area of marketing
3. Method of pricing
4. Advertising
5. Modes of advertising
6. Brand name
7. Method of marketing
8. Problems faced in marketing the products.

The data relating to the above variables have been collected from the Respondents and presented in the Tables given in this Article.

Product Mix

In the present study, the Author has made an attempt to know the product mix of sample units.

Out of 144 Respondents, 14 Respondents have not marketed their products as they are doing job work. Therefore they have not faced any marketing problem. However, the rest of the 130

Respondents have faced marketing problems. Among marketing problems, product mix is one of the variables relating to marketing problems.

The data relating to this variable i.e. product mix have been collected from 130 respondents and presented in Table 1

Table 1
Product Mix

S.No	Industrial Estate	Kappalur		Andipatti		Theni		Pudur		Uranganpatti		Madurai Region	
	Sources	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents
1	Single Product	40	78.4	0.0	0.0	6.0	54.5	18	90.0	28	58.3	92	70.8
2	Multiple Product	11	21.6	0.0	0.0	5.0	45.5	2	10.0	20	41.7	38	29.2
	Total	51	100	0	0	11	100	20	100	48	100	130	100

(Source: Primary Data Collected through Questionnaire)

Table 1 indicates that

The sample size in this study is only 130 because 14 respondents have been doing only job work. For them this analysis has not been relevant.

- In Kappalur most of the respondents i.e. 78.4% have dealt with only one product.
- In Andipatti all the respondents have gone for job work. Therefore none of the respondents were analysed.
- In Theni most of the respondents i.e. 54.5% have dealt with only one product.
- In Pudur most of the respondents i.e. 90% have dealt with only one product.
- In Uranganpatti most of the

respondents i.e. 58.3% have dealt with only one product.

- Therefore in Madurai Region most of the respondents i.e. 70.8% have dealt with only one product. 29.2% have dealt with more than one product. From this analysis, it is concluded that there are no product mix problems that exist within the sample units.

Area of Marketing

An entrepreneur markets his products to various parts of our country and to other countries also. In the present study, the author has made an attempt to know the area of marketing covered by Small Scale Entrepreneurs.

The data relating to this variable i.e. Area of marketing, have been collected and presented in Table 2

In the present study, the author has made an attempt to know the area of marketing covered by Small Scale Entrepreneurs.

Pricing is one of the key elements of marketing mix. Therefore, the author has made an attempt to know the pricing method adopted by the Small Scale Entrepreneurs for pricing their products.

Table 2
Area of Marketing

S. No	Sources	Kappalur		Andipatti		Theni		Pudur		Uranganpatti		Madurai Region	
		No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents
1	Within Madurai	6	10.7	0	0	2	16.7	5	20	16	32.7	29	20.1
2	Within Tamil Nadu	16	28.6	0	0	1	8.3	16	64	21	42.9	54	37.5
3	With in India	15	26.8	2	100	7	58.3	2	8	4	8.2	30	20.8
4	International Market	6	10.7	0	0	1	8.3	0	0	2	4.1	9	6.3
5	Government	2	3.6	0	0	0	0.0	0	0	2	4.1	4	2.8
6	With in India and International market	9	16.1	0	0	1	8.3	2	8	1	2.0	13	9.0
7	With in Tamil Nadu and International market	1	1.8	0	0	0	0.0	0	0	2	4.1	3	2.1
8	With in India and Government	1	1.8	0	0	0	0.0	0	0	1	2.0	2	1.4
	Total	56	100.0	2	100	12	100.0	25	100	49	100.0	144	100

(Source: Primary Data Collected through Questionnaire)

- In Kappalur some of the respondents i.e. 28.6% have marketed their products within Tamil Nadu.
- In Andipatti all the respondents have marketed their products within India.
- In Theni most of the respondents i.e. 58.3% have marketed their products within India.
- In Pudur most of the respondents i.e. 64% have marketed their products within Tamil Nadu.
- In Uranganpatti many of the respondents i.e. 42.9% have marketed their products within Tamil Nadu.
- Therefore in Madurai Region many of the respondents i.e. 37.5% have marketed their products within

Tamil Nadu, such as Nagercoil, Salem, Karur, Trichy, and other places. 20.8% have marketed within India. 20.1% have their markets only in Madurai. Therefore it is concluded that many of the respondents have marketed their products with in Tamil Nadu.

Method of Pricing

Pricing is one of the key elements of marketing mix. Therefore, the author has made an attempt to know the pricing method adopted by the Small Scale Entrepreneurs for pricing their products.

The data relating to this variable i.e. Method of pricing have been collected from the respondents and presented in Table 3

Table 3
Method of Pricing

S No	Industrial Estate	Kappalur		Andipatti		Theni		Pudur		Uranganpatti		Madurai Region	
		No of Respo ndents	% of Respo ndents	No of Respo ndents	% of Respo ndents	No of Respo ndents	% of Respo ndents	No of Respo ndents	% of Respo ndents	No of Respo ndents	% of Respo ndents	No of Respo ndents	% of Respo ndents
1	Cost oriented	29	51.8	0	0	7	58.3	4	16	18	36.7	58	40.3
2	Demand oriented	12	21.4	1	50	1	8.3	4	16	17	34.7	25	24.3
3	Competition oriented	8	14.3	1	50	1	8.3	0	0	4	8.2	14	9.7
4	Government fixed	0	0.0	0	0	1	8.3	2	8	6	12.2	9	6.3
5	Contract basis	2	3.6	0	0	2	16.7	10	40	2	4.1	16	11.1
6	Cost oriented and Competition oriented	4	7.1	0	0	0	0.0	0	0	0	0.0	4	2.8
7	Cost oriented, demand oriented, & competition oriented	1	1.8	0	0	0	0.0	5	20	2	4.1	8	5.6
	Total	56	100	2	100	12	100	25	100	49	100	144	100

(Source: Primary Data Collected through Questionnaire)

Table 3 shows

- In Kappalur most of the respondents i.e. 51.8% have adopted cost oriented method of pricing.
- In Andipatti half of the respondents i.e. 50% have adopted demand oriented method of pricing and another half i.e.50% has adopted Competition oriented pricing.
- In Theni most of the respondents i.e. 58.3% have adopted cost oriented method of pricing.
- In Pudur many of the respondents i.e. 40% have adopted pricing on contract basis.
- In Uranganpatti many of the respondents i.e. 36.7% have adopted cost oriented method of pricing.
- So in Madurai region many of the

respondents i.e. 40.3% have adopted cost oriented method of pricing. 24.3% of respondents have adopted demand oriented pricing method. 11.1% are pricing on contract basis. 9.7% are competition oriented pricing. So it is concluded that most of the respondents have adopted cost oriented method for pricing their products.

Advertising

Advertising is needed in order to create an awareness of the products in the minds of the public and to increase sales of the products. So the author has made an attempt to know how many respondents have advertised their products.

The data relating to this variable i.e. advertising, have been collected from the respondents and presented in Table 4

It is concluded that most of the respondents have adopted cost oriented method for pricing their products.

Table 4
Advertising

S.No	Industrial Estate	Kappalur		Andipatti		Theni		Pudur		Uranganpatti		Madurai Region	
	Sources	No. of Respondents	% of Respondents	No of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents
1	Yes	8	14.3	0	0	2	16.7	5	20	10	20.4	25	17.4
2	No	48	85.7	2	100	10	83.3	20	80	39	79.6	119	82.6
	Total	56	100	2	100	12	100	25	100	49	100	144	100

(Source: Primary Data Collected through Questionnaire)

Table 4 shows that

- In Kappalur most of the respondents 85.7% have not advertised their product.
- In Andipatti all the respondents have not advertised their product.
- In Theni most of the respondents 83.3% have not advertised their product.
- In Pudur most of the respondents 80% have not advertised their product.
- In Uranganpatti most of the respondents 79.6% have not advertised their product.
- So in Madurai Region most of the respondents 82.6% have not advertised their product. Only 17.4% have advertised their products. This shows that there is a lack of advertising in SSI. Due to the lack of advertising, most of the SSI

units are not able to compete with large-scale industries. Therefore advertising does not play an important part in the marketing of SSI products in the present study.

Partly this is due to job order type of business and because advertisements in TV and newspaper are costly. The effect of advertisement also cannot be quantified. Further the modes of advertising are studied.

Modes of Advertising

Advertising can be done through TV, Newspapers, magazines, pamphlets, and others. Therefore the author has made an attempt to know the modes of advertising adopted by the Small Scale Entrepreneurs in advertising their products.

The data relating to this variable i.e. modes of advertising, have been collected from 25 Respondents and presented in Table 5

Advertising does not play an important part in the marketing of SSI products in the present study.

Table 5
Modes of Advertising

S No	Industrial Estate	Kappalur		Andipatti		Theni		Pudur		Uranganpatti		Madurai Region	
		No of Respondents	% of Respondents	No of Respondents	% of Respondents	No of Respondents	% of Respondents	No of Respondents	% of Respondents	No of Respondents	% of Respondents	No of Respondents	% of Respondents
1	Pamphlets	3	37.5	0	0	0	0	0	0	4	40	7	28.0
2	Newspaper advertisements	1	12.5	0	0	1	50	1	20	0	0	3	12.0
3	TV	0	0	0	0	0	0	0	0	0	0	0	0.0
4	Door to door marketing	0	0	0	0	0	0	0	0	0	0	0	0.0
5	Family friends propaganda	2	25	0	0	1	50	3	60	6	60	12	48.0
6	Others	1	12.5	0	0	0	0	1	20	0	0	2	8.0
7	Through diary	1	12.5	0	0	0	0	0	0	0	0	1	4.0
	Total	8	100	0	0	2	100	5	100	10	100	25	100

(Source: Primary Data Collected through Questionnaire)

Table 5 shows

- In Kappalur some of the respondents i.e. 37.5% have done advertisement through pamphlets.
- In Andipatti none have done advertising.
- In Theni half of the respondents 50% have done advertisement through news papers and 50% have resorted to family propaganda.
- In Pudur most of the respondents i.e. 60% have resorted to family propaganda.
- In Uranganpatti most of the respondents i.e. 60% have resorted to family propaganda.
- So in Madurai region many of the respondents i.e. 48% have done advertisement through family

friends' propaganda. This analysis tells us that advertising is not popular in SSI. None of them have done TV advertisement even in a local channel. 28% used pamphlets to advertise their products. 12% have chosen newspaper advertisements.

Brand Name

Brand name helps the entrepreneurs to create an identity for the product and distinguish their products from that of the competitors. Normally, branded goods have better quality and value than the unbranded products. Therefore, the author has made an attempt to know how many respondents have branded their products.

The data relating to this variable i.e. Brand name, have been collected from respondents and presented in Table 6.

Brand name helps the entrepreneurs to create an identity for the product and distinguish their products from that of the competitors.

Table 6
Brand Name

S.No	Industrial Estate	Kappalur		Andipatti		Theni		Pudur		Uranganpatti		Madurai Region	
	Sources	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents
1	Yes	23	41.1	1	50	8	66.7	4	16	16	32.7	52	36.1
2	No	33	58.9	1	50	4	33.3	21	84	33	67.3	92	63.9
	Total	56	100	2	100	12	100	25	100	49	100	144	100

(Source: Primary Data Collected through Questionnaire)

Table 6 indicates

- In Kappalur most of the respondents i.e. 58.9% had no brand name for their products.
- In Andipatti out of the two respondents one had a brand name and the other one did not have a brand name.
- In Theni most of the respondents i.e. 66.7% had a brand name for their products.
- In Pudur most of the respondents i.e. 84% had no brand name for their products.
- In Uranganpatti most of the respondents i.e. 67.3% had no brand name for their products.
- Therefore in Madurai region most of the respondents i.e. 63.9% had no brand name for their products. Only 36.1% had branded their products. This analysis tells us that branding

is neither an important criterion nor a marketing priority for the SSI in the present study. It is concluded that brand awareness needs to be cultivated in the minds of entrepreneurs so that they can improve their sales to a great extent.

Method of Marketing

Products can be marketed through direct selling, wholesale agents, retailers, agencies and others. Therefore the author has made an attempt to know the various methods of marketing adopted by the sample entrepreneurs in marketing their products. Since 14 sample entrepreneurs are doing job work the author has considered only the rest of the respondents for this variable i.e. method of marketing.

The data relating to this variable i.e. method of marketing have been collected from the 130 Respondents who are not doing job work and presented in Table 7

It is concluded that brand awareness needs to be cultivated in the minds of entrepreneurs so that they can improve their sales to a great extent.

Table 7
Method of Marketing

S.No	Industrial Estate	Kappalur		Andipatti		Theni		Pudur		Uranganpatti		Madurai Region	
		No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents
1	Through direct selling and order based	24	47.1	0	0	4	36.4	18	90	23	47.9	69	53.1
2	Through agencies	7	13.7	0	0	2	18.2	2	10	15	31.3	26	20.0
3	Through wholesalers	4	7.8	0	0	5	45.5	0	0	10	20.8	19	14.6
4	Through Retailers	5	9.8	0	0	0	0.0	0	0	0	0.0	5	3.8
5	Through Co-operatives	0	0.0	0	0	0	0.0	0	0	0	0.0	0	0.0
6	Through direct selling and through wholesalers	8	15.7	0	0	0	0.0	0	0	0	0.0	8	6.2
7	Through direct selling and order based and through dealers	3	5.9	0	0	0	0.0	0	0	0	0.0	3	2.3
	Total	51	100	0	0	11	100.0	20	100	48	100.0	130	100.0

(Source: Primary Data Collected through Questionnaire)

Table 7 shows that

- In Kappalur many of the respondents i.e. 47.1% have chosen direct selling and order based selling as their method of marketing.
- In Andipatti since the sample entrepreneurs have been doing job work they were not considered for this question.
- In Theni many of the respondents i.e. 45.5% have chosen selling through wholesalers.
- In Pudur most of the respondents i.e. 90% have chosen direct selling and order based selling as their method of marketing.
- In Uranganpatti many of the respondents i.e. 47.9% have chosen direct selling and order based selling as their method of marketing.

- So in Madurai region most of the respondents i.e. 53.1% have marketed their products through direct and order based selling. 20% of the respondents have marketed their products through agencies. Therefore it is concluded that most of the respondents have marketed their products through direct selling and order based selling.

Problems Faced in Marketing of the Products

“Production is the servant of market. Production is meaningless without market. Therefore, the very purpose of an enterprise is to produce what the customer will buy. All industries whether small or large have faced problems in marketing their products.”

But small-scale enterprises have

Therefore it is concluded that most of the respondents have marketed their products through direct selling and order based selling.

Small Scale entrepreneur suffer from marketing problems. Therefore the author has made an attempt to know the problems faced by the small-scale entrepreneurs in marketing their products.

suffered more from marketing problems. Therefore the author has made an attempt to know the problems faced by the small-scale entrepreneurs in marketing their products. Data has been collected from those doing job orders also, since they too have a

problem of seeking the ones who place the job orders.

The data relating to the variable i.e. Problems faced in marketing of the products have been collected and presented in Table 8.

**Table 8
Problems Faced In Marketing of the Products**

S. No	Industrial Estate	Kappalur		Andipatti		Theni		Pudur		Uranganpatti		Madurai Region	
		No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents	No. of Respondents	% of Respondents
1	Competition from SSI	24	42.9	1	50	4	33.3	0	0	9	18.4	38	26.4
2	Competition from Large Scale Industries	21	37.5	1	50	2	16.7	10	40	11	22.4	45	31.3
3	Slackness in demand	3	5.4	0	0	1	8.3	0	0	2	4.1	6	4.2
4	Sluggish market	2	3.6	0	0	1	8.3	0	0	7	14.3	10	6.9
5	Instability in demand	3	5.4	0	0	1	8.3	0	0	10	20.4	14	9.7
6	Lack of advertisement	0	0.0	0	0	0	0.0	6	24	5	10.2	11	7.6
7	Lack of resources	0	0.0	0	0	0	0.0	0	0	0	0.0	0	0.0
8	Price control by the Government	0	0.0	0	0	0	0.0	6	24	5	10.2	11	7.6
9	Transport problems	3	5.4	0	0	3	25.0	0	0	0	0.0	6	4.2
10	Frequent changes in preference of consumers	0	0.0	0	0	0	0.0	3	12	0	0.0	3	2.1
	Total	56	100	2	100	12	100	25	100	49	100	144	100

(Source: Primary Data Collected through Questionnaire)

Table 8 shows that

- In Kappalur many of the respondents i.e. 42.9% said Competition from SSI is the major marketing problem faced by them.
- In Andipatti half of the respondents have said that competition from SSI is a major marketing problem and another half has said that Competition from Large Scale Units is a major marketing problem.
- In Theni the major problem faced by some of the respondents i.e. 33.3% is competition from SSI.
- In Pudur many of the respondents i.e. 40% said Competition from Large Scale Units is a major marketing problem.
- In Uranganpatti the major problem faced by most of the respondents i.e. 22.4% is Competition from Large Scale Units.

➤ So in Madurai region the major problem faced is by many of the respondents i.e. 31.3% is Competition from large-scale industries. Next to this is competition from small-scale units i.e. 26.4%. 9.7% of the respondents have faced the problem of instability in demand as a major marketing problem. Therefore it is concluded that the major problem faced by small-scale entrepreneurs is competition from large-scale industries.

Problems faced in marketing the products:

Various problems in marketing of the products have been ranked based on the intensity and analyzed using Garrett's ranking table. The calculations are as under. Table 5.32 shows the ranks given for the factors that contribute to the problems in marketing.

Analysis using Garrett Ranking

An attempt has been made to analyze the various 'problems of small scale entrepreneurs of SIDCO Industrial Estates of Madurai Region' by using Garrett Ranking method.

Formula

$$100 (R_{ij} - 0.5)$$

Per cent Position = $\frac{\text{-----}}{N_j}$

R_{ij} = Rank given for the *i*th variable by the *j*th respondent

N_j = Number of variables ranked by the *j*th respondent.

For this purpose the problems have been divided into managerial, Personnel, Infrastructural and miscellaneous problems. The problems have been analyzed based on their intensity and ranked according to their scores using Garrett's Ranking method.

An attempt has been made to analyze the various 'problems of small scale entrepreneurs of SIDCO Industrial Estates of Madurai Region' by using Garrett Ranking method.

Table 8(a)**Problems faced in marketing of the products - Scores**

S.No	Reason	1	2	3	4	5	6	7	8	9	10	Total
1	Competition from SSI	38	26	12	13	24	15	7	3	2	4	144
2	Competition from Large Scale Industries	46	17	15	17	25	16	6	0	1	1	144
3	Slackness in demand	6	15	39	51	23	6	2	1	0	1	144
4	Sluggish market	11	43	36	49	2	3	0	0	0	0	144
5	Instability in demand	9	16	25	5	45	36	5	0	3	0	144
6	Lack of advertisement	14	14	14	3	21	54	22	2	0	0	144
7	Lack of resources	0	8	0	5	2	7	25	48	8	41	144
8	Price control by the Government	11	0	0	0	0	2	7	47	8	69	144
9	Transport problems	6	1	0	0	0	5	1	18	95	18	144
10	Frequent changes in preference of consumers	3	4	0	1	2	0	75	25	24	10	144
	Garrett's Table Value	81	70	63	57	52	47	42	36	29	17	

Source : Primary data

Table 8 (b)**Problems faced in marketing of the products**

S.No	Reason	Total Score	Average	Rank
1	Competition from SSI	8876	61.64	III
2	Competition from Large Scale Industries	9180	63.75	II
3	Slackness in demand	8515	59.13	IV
4	Sluggish market	9207	63.94	I
5	Instability in demand	8090	56.18	V
6	Lack of advertisement	7793	54.12	VI
7	Lack of resources	4985	34.62	VIII
8	Price control by the Government	4376	30.39	X
9	Transport problems	4542	31.54	IX
10	Frequent changes in preference of consumers	5600	38.89	VII

It is observed from Table 8 (b) that "Sluggish Market" has been ranked as the first problem in marketing the products followed by Competition from Large Scale Units, Small Scale Units, and Slackness in demand, etc., The sample small scale entrepreneurs have said price control by the Government is a normal feature and so it has been ranked the last.

Therefore to conclude the article looks into the marketing problems of the small scale entrepreneurs in the SIDCO Industrial Estates of Madurai Region of Tamil Nadu India. Various aspects relating to the Marketing Problems have been analysed and conclusions drawn.

References

Books:

1. DIC Madurai Directory of Industries. Registered and Temporarily registered Directory
2. Ministry of Micro Small & Medium Enterprises , Government of India.- annual report 2006 07
3. Tamil Nadu An Economic Appraisal – 2002-2003
4. S.S.Khanka: Entrepreneurial Development, 3rd Edition, (S.Chand Company Ltd., New Delhi, 2002 P.No.254)

Journal:

5. T.Rajendraprasad and K.K.Seethamma , "Perspective of SSI and Employment generation in Karnataka" Southern Economist, Vol.41.No.18, Jan 15, 2003, P.14.

Thesis:

1. C.Sounthara Pandian – "Growth of Entrepreneurship in Small Scale Industry: An Empirical study in Madurai Region" – Thesis Year –

1989 – Doctorate of Ph.D., - Madurai Kamaraj University.

2. Savitha Sethi – "Marketing problems faced by Small- Scale Industrial units in and around Madurai"- Dissertation- Year 1998- Master of Philosophy in Commerce – Madurai Kamaraj University.
3. S.M.Urvaneswaran – "A Study on problems and Prospects of Leather Entrepreneurs in Erode District"- Master of Philosophy in Entrepreneurship – Dissertation –Year 2005- Directorate of Distance Education – Madurai Kamaraj University.

It is observed from Table 8 (b) that "Sluggish Market" has been ranked as the first problem in marketing the products followed by Competition from Large Scale Units, Small Scale Units, and Slackness in demand, etc., The sample small scale entrepreneurs have said price control by the Government is a normal feature and so it has been ranked the last.

A STUDY ON BANKING HABITS AMONGST FARMERS IN RURAL AREAS OF SHIMOGA DISTRICT IN KARNATAKA STATE

Dr. R. NAGARAJA •

Abstract: *The study was conducted on the banking habits amongst farmers in the rural areas of Shimoga district . The main objective was to study the banking habits amongst farmers in general, with special reference to rural areas of Shimoga district and to analyse the deposits and borrowing habits amongst farmers. The study also analysed farmers' understanding of the various facilities made available to them by the government through commercial banks, co-operative banks and primary land development banks.*

The banking habits amongst farmers was examined using empirical data from stratified and area sampling, which covered over 80 households around the rural areas of Shimoga district.

Results of the present study indicate that although banks have been set up to provide finance, farmers do not have an easy access to these sources. Majority of the respondents opined that the interest rates charged by the banks are high. As a result of this , farmers prefer co-operative societies over banks. The cumbersome process of fulfilling documentary requirements for obtaining a loan acts as a deterrent to the illiterate farmers who are approaching these sources. Though the interest rates have been kept lower in banks, most of the farmers prefer informal loans through money lenders because of timely and adequate availability of loans. It is therefore essential to address these issues in order to improve the banking habits amongst farmers in rural areas. It is with this background that this research paper analyses banking habits amongst farmers in the rural areas in general and in Shimoga district of Karnataka state in particular.

Key Words:
*Banking Habits,
Farmers, Rural
Areas*

1. Introduction

India has nearly 73% of its population living in the rural area. So it is therefore important to give due attention to the financial needs of the rural population. The financial inclusion of the rural India is vital to its economic growth. India has around 70% of its population depending on agriculture, which is the main occupation in the rural area. This therefore brings a need for understanding the banking habits in

rural India so that financial needs of the rural India can be met.

The rural population in India [1] suffers from a great deal of indebtedness and is subject to exploitation in the credit market due to high interest rates and the lack of convenient access to credit. Rural households need credit for investing in agriculture and smoothening out seasonal fluctuations in earnings. Since cash flows and savings in rural areas are small, rural

*Professor & HDD, P G Deptt. of Management Studies, P E S Institute of Technology & Management Shimoga - 577 204 (Karnataka)

households typically tend to rely on credit for other consumption needs like education, food, housing and other needs. The contribution of the banking and financial sector to the current economic growth of the Indian economy is very significant.

Since independence, [2] the critical issue in respect of informal credit is the manner in which the linkages among the participants in the market operate and result in varying degrees of hidden costs. A study [3] observed that farmers recognised that there are a number of schemes to improve access to finance. Farmers are concerned about the major obstacles in accessing finance and the study concluded that the finance gap persists and access to education is an issue for farmers. Education was identified to be an issue; in a survey of farmers where 37% were below matriculation, 24% have done Matriculation, 18% have done higher secondary, 13% are graduates and only 8% are postgraduates. A study [4] in Punjab province of India and Pakistan concluded that formal credit institutions in both the states have a long way to go. Although a myriad of institutions have been set up to provide finance, yet farm households do not have an easy access to these sources. The 2001 census reveals [1] the low level of banking usage among Indian households in general (35.5%) and rural households in particular (30.1%). This reflects on the latent demand for general banking needs in rural as well as urban segments. The debt profile of rural households indicates that the major source of credit to rural households, particularly poor income working households, has been informal sector

loans like money-lenders, which are usually at very high rates of interest. The terms and conditions attached to these loans affect the poor adversely.

In an article published by RBI [5] it was cited that factors affecting access to financial services like gender issues, age factor, legal identity, limited literacy, place of living, psychological and cultural barriers, social security payments, bank charges, terms and conditions, level of income, type of occupation, attractiveness of the product affect access to financial services in many countries. The Indebtedness [6] of farmers increases not only due to inadequate minimum support prices, but also because of faulty lending practices followed by the banks. Banks do not lend again if there is a default and the farmer does not repay (defaults) if he is not sure of getting a repeat loan. A NSSO report [7] on the indebtedness of farmer households provides important information on the extent and nature of cultivators' debt. Reports have suggested that the decline in access to institutional credit has driven more farmers back to potentially more exploitative usurious relations with traditional moneylenders or input dealers. Repayment problems, resulting from the greater difficulties of cultivation because of rising input prices and volatile output prices, have been compounded by the higher interest rates charged by these informal sources. The recent report of the National Sample Survey, based on the 59th round survey conducted in 2003, is particularly important, since it provides the first systematic evidence since 1992, on the causes, extent and sources of farmers' debt. A few initiatives (8) from the banks

The debt profile of rural households indicates that the major source of credit to rural households, particularly poor income working households, has been informal sector loans like money-lenders, which are usually at very high rates of interest.

A strong and responsive banking network is imperative for speedy harnessing of latent potential in agriculture and rural sector.

like in the arena of counseling the common man, to help him lead a decent and honorable life in the future days to come. The banks takes this as a privilege to shoulder social responsibilities as a noble service to mankind. The banks, with all the good intentions are helping individuals who are burdened with problems of debt to shape their future for the better. Financial education services are provided at these centres to all strata of the society in a friendly atmosphere and free of cost. In many cases, there is lack of awareness not only about products and services but also about where to go for help to get the information. Financial education goes beyond provision of information. It is a process of enabling the individual to educate himself so as to acquire the skills and access resources to make himself capable of dealing with financial intermediaries.

The banking habits amongst farmers with special reference to the rural areas of Shimoga district, both at individual and at household level were examined. The research takes up the question of whether households are constrained in any way from using banks. **This paper gives an insight into the banking habits amongst farmers in rural areas of Shimoga district and gives us an idea about the expectations of the farmers from the banks.**

Shimoga district [9] is the largest among 6 Malnad districts of Karnataka. The district has various resources like:

- Mineral based resources such as gold, iron ore, lime stone,
- Forest based resources such as

sandalwood, teakwood, rosewood;

- Agricultural and Horticultural resources such as mango, banana, pineapple, ginger, sugarcane, paddy, and arecanut.

The main occupation of the people of Shimoga district is agriculture. The principal crop in the district is paddy. As per the cropping patterns, paddy covers 70 per cent of the total cultivated area, and it is the major crop in the district. Other important crops are maize, ragi, jowar, pulses, sugarcane, arecanut and cotton. Apart from this, major plantation crops like arecanut, coconut, rubber and banana are grown in the district. A strong and responsive banking network is imperative for speedy harnessing of latent potential in agriculture and rural sector. Shimoga district has good banking network. The per branch (CBs, RRB) population works out to 9310 which is better than the state average of 10,135. Specialized institutions like Karnataka State Financial Corporation and Karnataka State Industrial Co-operative Bank have also established their branches in Shimoga.

2. Statement of the problem

The banking habits amongst farmers with special reference to the rural areas of Shimoga district, both at individual and at household level, was examined using empirical data, which covered over 80 households around the rural area of Shimoga district. The research takes up the question of whether households are constrained in any way from using banks.

The research was undertaken to study

how a bank as a financial institution is being viewed and used by the farmers in the rural areas of the Shimoga district. Our research is restricted to farmers who are engaged in the cultivation of crops like paddy, maize and some other crops like arecanuts which are the major crops grown in the rural areas of Shimoga district.

3. Objectives of the study

The objectives of the study are as follows:

1. To study the banking habits amongst farmers in general and amongst the farmers with special reference to the rural areas of Shimoga district.
2. To study and analyse the borrowing habits amongst farmers in the rural areas of Shimoga district.
3. To know and analyse the reasons for the recent rise in farmers' suicides.
4. To study and analyse farmers' understanding of various facilities made available to the farmers by the government through commercial banks and co-operative banks and primary land development banks.
5. To come out with conclusions based on analysis of primary data.

4. Scope of the study

This study on the banking habits amongst farmers is limited to the rural areas of Shimoga district and thus the findings of this study cannot be generalized. However, this study

provides some insights with respect to the knowledge and role of banks in the rural areas in comparison with moneylenders and the cooperative societies. It also identifies critical factors which influence the farmers to choose other options of finance over banks. Also, in this study a humble attempt has been made to know the farmers' opinions on the recent rise in farmers' suicides.

The study helps to know the attitude of the farmers towards banks and an attempt is made to forecast the behaviour of the farmers about banking.

5. Research methodology

5.1 Nomenclature

M1	Market 1 (Honnali Area)
M2	Market 2 (Badravathi Area)
M3	Market 3 (Sagar Area)
M4	Market 4 (Mathur Area)
M5	Market 5 (Thirthahalli Area)
MRKT.	Market
NOR	Number of respondents

5.2 Research design

Exploratory research and descriptive research design have been used extensively for the present study. Since the population size was more, sample survey method has been adopted for gathering primary data. This research is about studying the banking habits amongst the farmers in the rural areas of Shimoga district. So the respondents are farmers who are involved in agriculture, mainly those who grow crops and depend on agriculture for their living. However, the agricultural

This study provides some insights with respect to the knowledge and role of banks in the rural areas in comparison with moneylenders and the cooperative societies. It also identifies critical factors which influence the farmers to choose other options of finance over banks.

labourers were not included as the problem was restricted mainly to the farmers' banking habits in rural areas.

5.3 Sampling plan

Sample unit: Rural Areas of Shimoga District in Karnataka State.

Sample size: 84

Sampling Method & Selection: Stratified Sampling, Area Sampling.

In the present research the stratified and area sampling are used for collection of primary data. Also the sample is divided into five areas around Shimoga district, that is Bhadravathi area, Sagar area, Thirthalli area, Honnali area and Mattur area. The sample size of 84 respondents divided amongst these five markets has been considered for the study. The respondents were chosen randomly from each of these markets.

Primary Data: Primary data were collected using structured questionnaire. The research team interviewed 84 respondents around the rural areas of Shimoga district. A personal interview method was adopted with the help of a questionnaire. The questionnaire contained 30 questions with both open ended and closed ended questions (Format of the questionnaire has been enclosed for reference). The respondents were requested to give their opinions on all the questions in the questionnaire.

Secondary Data: Secondary data were collected using many sources such as newspapers, journals, magazines, reference books and the Internet.

5.5 Data analysis plan

The process of analysis begins after the data has been collected. During the analysis stage several interrelated procedures are performed to summarize and rearrange the data. The research steps related to processing and analysis are as follows

Editing: Editing makes the data ready for coding. All the incomplete and contradicting responses within the questionnaire were checked and verified before the coding process.

Classification and coding: The total market was classified into five areas that is Honnali area, Badravathi area, Sagar area, Mathur area and Thirthalli area, coded as M1, M2, M3, M4 & M5 respectively. Within each market, further coding of the respondents is done serially and systematically. Each respondent is given a code number of four characters containing two digits for the market and two digits for the respondent.

Tabulation: In this research, a simple frequency table with percentages and cumulative percentages has been used for analysis.

Interpretation: The interpretation of this research is based on the descriptive analysis of the collected data from the respondents and also based on summary of findings.

6 Limitations of the study

Primary data through a structured questionnaire could not be obtained rapidly from the farmers as they are usually available in the evening at their

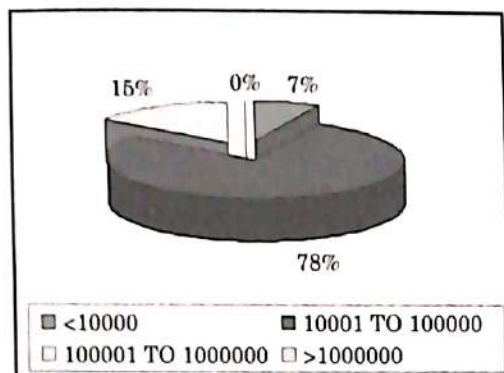
In the present research the stratified and area sampling are used for collection of primary data.

residence and this study is limited only to Shimoga district because findings are based on the data obtained from Shimoga district.

MRKT	Particulars				NOR	Percentages			
	<10k	10K to 1 lac	1 lac to 10 lac	>10lac		<10k	10K to 1 lac	1 lac to 10 lac	>10lac
M1	0	13	0	0	13	0	100	0	0
M2	5	17	5	0	27	19	63	19	0
M3	0	6	2	0	8	0	75	25	0
M4	1	21	0	0	22	5	95	0	0
M5	0	8	6	0	14	0	57	43	0
Total	6	65	13	0	84	7	77	15	0

Source : Primary Data

Graph :Income distribution



It is observed from the above table 1 that around 77% of the respondents have a income between Rs.10K and Rs1 lakh. and 15% of the respondents have an annual income between Rs.1 lakh. to Rs 10 lakh. Therefore, it is evident that credit plays a vital role in aiding the farmers financial needs.

Source : Table 1

Table :Education Qualification

MARK	Particulars				NOR	Percentages			
	<SSLC	SSLC. PUC	GRAD UATE	>GRAD UATE		<SSLC	SSLC- PUC	GRAD UATE	>GRAD UATE
M1	0	8	4	1	13	0	62	31	8
M2	11	5	10	1	27	41	19	37	4
M3	2	2	4	0	8	25	25	50	0
M4	14	6	2	0	22	64	27	9	0
M5	1	6	5	2	14	7	43	36	14
Total	28	27	25	4	84	33	32	30	5

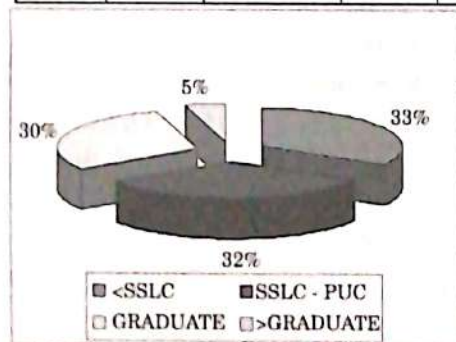


Table 2 shows that respondents education qualification is evenly distributed.. About 65% of the respondents are with SSLC & PUC qualification.This highlights the need for education in rural area

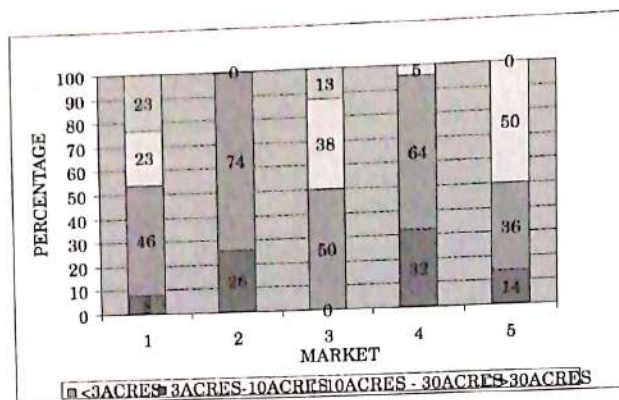
Source : Table 2

Table 3: Land Owning Pattern

MRKT.	Particulars				NOR	Percentages			
	<3ACRES	3ACRE - 10ACRE	10ACRE - 30ACRES	>30ACRE		<3ACRES	3ACRES - 10ACRES	10ACRE - 30ACRE	>30ACRE
M1	1	0	3	3	13	8	46	23	23
M2	7	20	0	0	27	26	74	0	0
M3	0	4	3	1	8	0	50	38	13
M4	7	14	1	0	22	32	64	5	0
M5	2	5	7	0	14	14	36	50	0
Total	17	49	14	4	84	20	58	17	5

Source : Primary Data

Graph : Land Owning Pattern



In Table 3 it is seen that the average land holdings of the respondents are between 3 acres to 10 acres. Around 58% of the respondents have the land holdings between 3 acres to 10 acres and only 5% of the respondents have the land holdings more than 30 acres

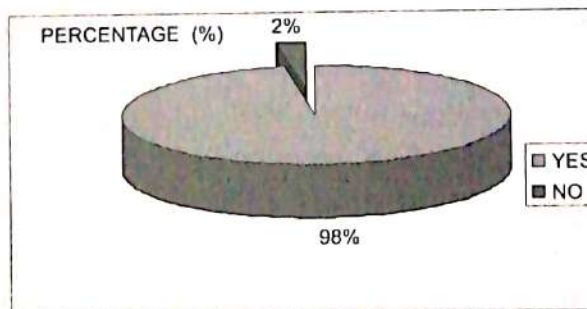
Source : Table 3

Table 4: Usage of banking facilities

Source : Primary Data

MRKT.	Particulars		Percentages (%)		NOR
	Yes	No	Yes	No	
M1	12	1	92.3	7.7	13
M2	26	1	96.3	3.7	27
M3	8	0	100.0	0.0	8
M4	22	0	100.0	0.0	22
M5	14	0	100.0	0.0	14
Total	82	2	98	2	84

Graph 4: Usage of banking facilities



As seen in Table 4 more than 98% of the respondents were having bank accounts. Therefore, we can positively say that the respondents have basic awareness on the banking system.

Source : Table 4

Table : Sources of information

MRKT.	Particulars				NOR	Percentages			
	Family	friends	Media	Others		Family	friends	Media	Others
M1	8	2	0	3	13	62	15	0	23
M2	14	7	2	4	27	52	26	7	15
M3	2	5	1	0	8	25	63	13	0
M4	12	5	1	7	25	48	20	4	28
M5	7	5	1	1	14	50	36	7	7
Total	43	24	5	15	87	49	28	6	17

Source : Primary Data

Graph : Sources of information

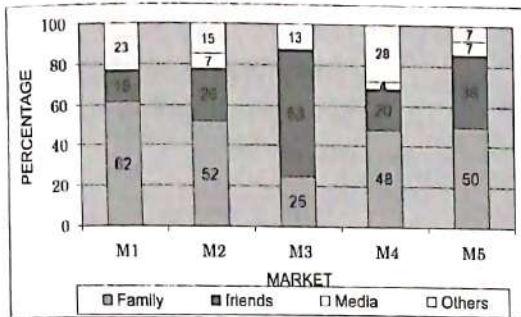


Table 5 shows that 49% of the respondents get to know about the bank through their families and only 6% got to know about the bank through media. So there is need for the banks to increase the awareness amongst people through awareness programs in rural areas.

Source : Table 5

Table 6 : Purpose of using banks

MRKT.	Particulars				NOR	Percentages			
	Loan	Savings	Investment	All		Loan	Savings	Investment	All
M1	0	1	0	12	13	0	8	0	92
M2	18	3	1	6	28	64	11	4	21
M3	3	3	0	3	9.0	33	33	0	33
M4	18	8	0	2	28.0	64	29	0	7
M5	12	6	1	1	20.0	60	30	5	5
Total	51	21	2	24	98.0	52	21	2	24

Source : Primary Data

Graph 6 : Purpose of using banks

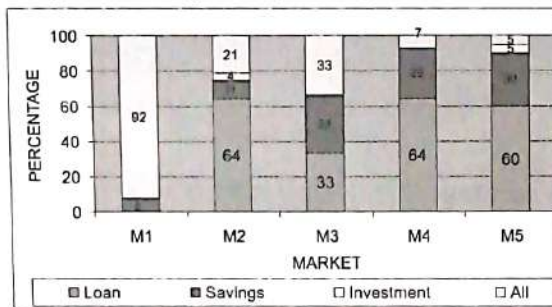


Table 6 indicates that the majority of the respondents use the banks for the purpose of loan 52% of the respondents are using banks for loans and other 24% were using for savings and investments. Therefore, it is evident that the saving habits of the respondents are poor.

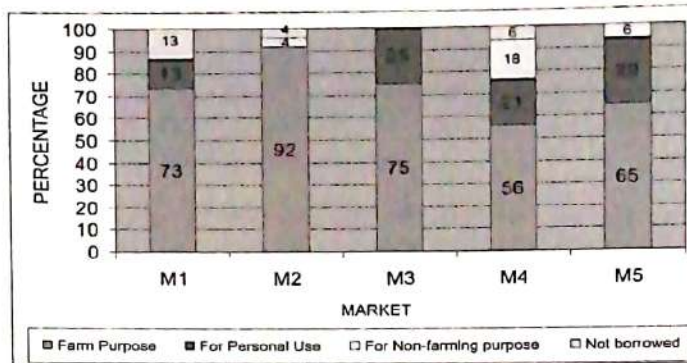
MRKT.	Particulars				NOR	Percentages			
	Farm Purpose	For Personal Use	For Non-farming purpose	Not borrowed		Farm Purpose	For Personal Use	For Non-farming purpose	Not borrowed
M1	11	2	0	2	15	73	13	0	13
M2	23	0	1	1	25	92	0	4	4
M3	6	2	0	0	8.0	75	25	0	0
M4	19	7	6	2	34.0	56	21	18	6
M5	11	5	1	0	17.0	65	29	6	0
Total	70	16	8	5	99.0	71	16	8	5

Source : Table 6

Table 7: Purpose of borrowings

Source: Primary Source

Graph 7: Purpose of borrowing



It is evident in table 7 that 71% of the respondents borrowed loans for farming purpose and only 5% of the respondents have not borrowed any loan from the bank. Therefore, there is a need to improve farmers saving habits.

Source : Table 7

Table 8: Preferred sources of credit

Source: Primary Source

Graph 8: Preferred sources of credit

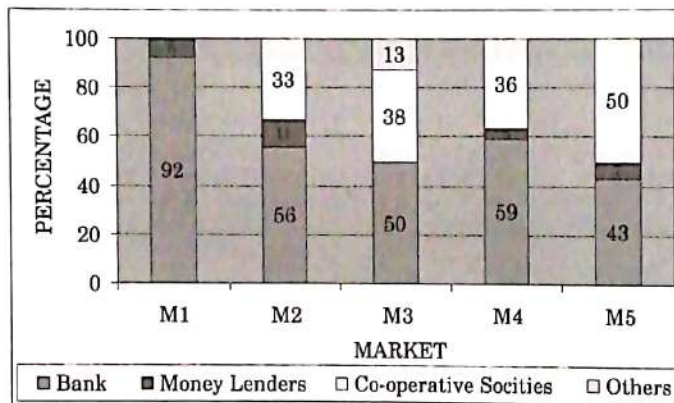


Table 8 shows that 60% of the surveyed respondents preferred bank as the source of credit and 32% preferred the cooperative societies. About 8% of the respondents are giving importance for the money lenders in the district.

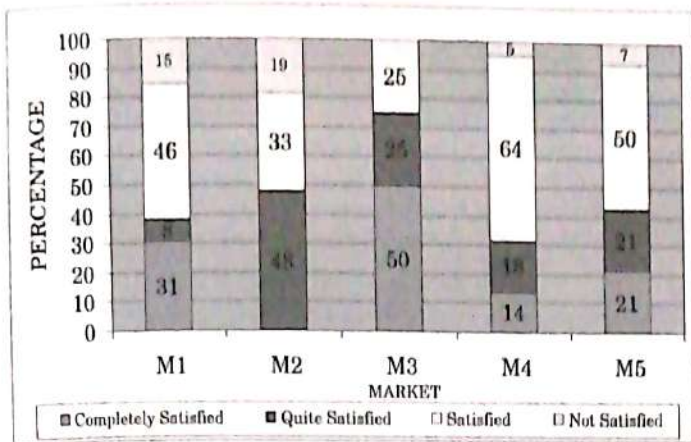
Source : Table 8

Table 9: Satisfaction with the bank service

Source: Primary Source

Graph 9: Satisfaction with the bank service

MRKT.	Particulars				NOR	Percentages			
	Bank	Money Lenders	Co-operative Societies	Others		Bank	Money Lenders	Co-operative Societies	Others
M1	12	1	0	0	13	92	8	0	0
M2	15	3	9	0	27	56	11	33	0
M3	4	0	3	1	8.0	50	0	38	13
M4	13	1	8	0	22.0	59	5	36	0
M5	6	1	7	0	14.0	43	7	50	0
Total	50	6	27	1	84.0	60	7	32	1



It is evident in Table 9 that 89% of the respondents were satisfied with the banking facility in their village, whereas only 11% were not satisfied. This data reveals that the farmers in rural areas in Shimoga district are satisfied with the banking services.

Source : Table 9

MRKT.	Particulars				NOR	Percentages			
	Completely Satisfied	Quite Satisfied	Satisfied	Not Satisfied		Completely Satisfied	Quite Satisfied	Satisfied	Not Satisfied
M1	4	1	6	2	13	31	8	46	15
M2	0	13	9	5	27	0	48	33	19
M3	4	2	2	0	8	50	25	25	0
M4	3	4	14	1	22	14	18	64	5
M5	3	3	7	1	14	21	21	50	7
Total	14	23	38	9	84	17	27	46	11

Table 10: Habit of attending awareness programs

Source: Primary Source

Graph 10: Habit of attending awareness programs

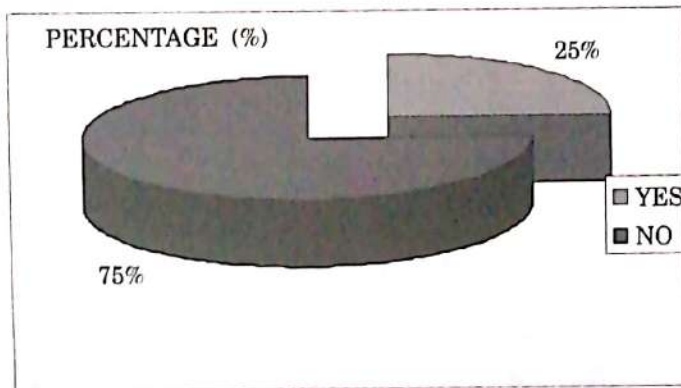


Table 10 shows that 25% of the surveyed respondent have attended awareness programs conducted by the banks. Therefore, it is evident that lack of awareness of the schemes provided by the bank is one of the main reasons for inefficient use of the provided facilities

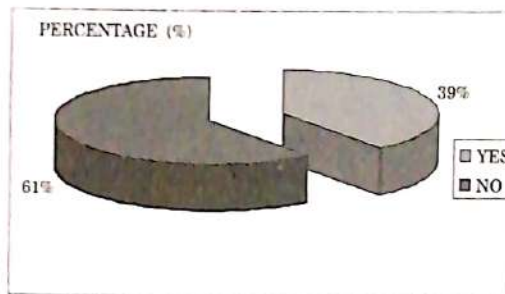
Table 11: Awareness about different schemes provided by banks

MRKT.	Particulars		Percentages (%)		NOR
	Yes	No	Yes	No	
M1	3	10	23.1	76.9	13
M2	5	22	18.5	81.5	27
M3	2	6	25.0	75.0	8
M4	6	16	27.3	72.7	22
M5	5	9	35.7	64.3	14
Total	21	63	25.0	75.0	84

MRKT.	Particulars		Percentages (%)		NOR
	Yes	No	Yes	No	
M1	4	9	30.8	69.2	13
M2	7	20	25.9	74.1	27
M3	3	5	37.5	62.5	8
M4	9	13	40.9	59.1	22
M5	10	4	71.4	28.6	14
Total	33	51	39.3	60.7	84

Source: Primary Source

Graph 11: Awareness about different schemes provided by banks

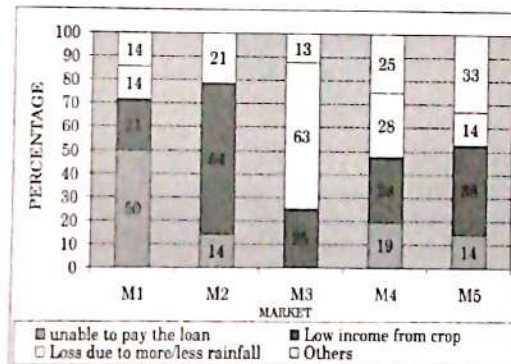


It is clear from Table 11 that 61% of the respondents are unaware of the schemes provided to the farmers. Hence, there is a urgent need to create awareness among farmers about the schemes available to them.

Source : Table 11

Table 12: Major reasons for farmers suicide

MRKT.	Particulars				NOR	Percentages			
	unable to pay the loan	Low income from crop	Loss due to more/less rainfall	Others		unable to pay the loan	Low income from crop	Loss due to more/less rainfall	Others
M1	7	3	2	2	14	50	21	14	14
M2	4	18	6	0	28	14	64	21	0
M3	0	2	5	1	8	0	25	63	13
M4	7	10	10	9	36	19	28	28	25
M5	3	8	3	7	21	14	38	14	33
Total	21	41	26	19	107	20	38	24	18



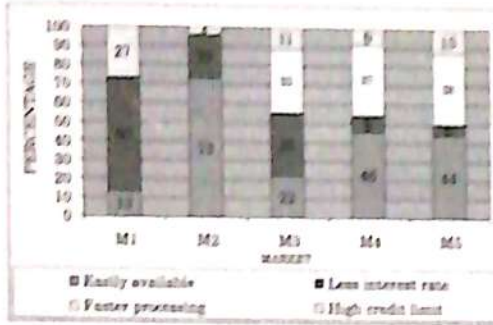
As seen in Table 12, around 38% of the respondents felt that farmer's suicide is due to low income from crops and crop damage. 24% of them were of the opinion that it is due to unpredictable rainfall. This shows the need to insure the farmers against unforeseen circumstances.

Source : Table 12

Table 13: Reasons for preferring money lenders over banks

Source: Primary Source

Graph 13: Reasons for preferring money lenders over banks



As shown in table 13 it is observed that 46% of the respondents felt that the people go to the moneylenders because of easy availability and 23% of the respondents felt that the processing is faster. This highlights the need to simplify the documentation process and reduce the processing time.

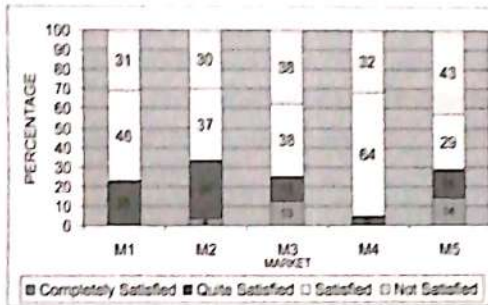
Source : Table 13

Table 14: Satisfaction level with subsidies

Source: Primary Source

MRKT.	Particulars				NOR	Percentages			
	Completely Satisfied	Quite Satisfied	Satisfied	Not Satisfied		Completely Satisfied	Quite Satisfied	Satisfied	Not Satisfied
M1	0	3	6	4	13	0	23	46	31
M2	1	8	10	8	27	4	30	37	30
M3	1	1	3	3	8	13	13	38	38
M4	0	1	14	7	22	0	5	64	32
M5	2	2	4	6	14	14	14	29	43
Total	4	15	37	28	84	5	18	44	33

Graph 14: Satisfaction level with subsidies



It is seen in table 14 that 44% of the surveyed respondents were satisfied and 33% were not satisfied with subsidies offered by the bank.. Therefore it is evident that the banks should look at providing some subsidies to improve banking habits among farmers.

Table 15: Analysis of customers satisfaction with interest rates

Particulars	Particulars		Percentages (%)		NOR
	Satisfied	Not Satisfied	Satisfied	Not Satisfied	
Commercial bank	34	41	45	55	75
Co-operative society	73	6	92	8	79
Money Lenders	6	63	9	91	69
Others	1	1	50	50	2

Source : Primary Data

Graph 15 : Analysis of customers satisfaction with interest rates

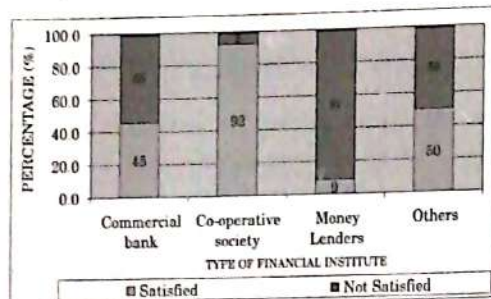


Table 15 indicates that the 45% of the respondents were satisfied with the bank interest rate and 93% with the Co-operative societies. Hence it can be concluded that the interest rate is one of the key factor for preferring cooperative societies. So there is a need to moderate bank interest rates.

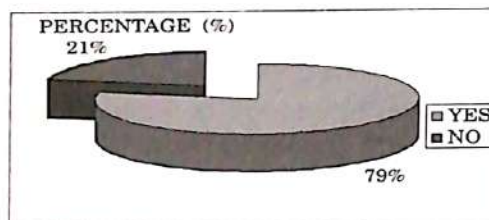
Source : Table 15

Table 16: Opinions on need to improve banking facility

Source : Primary Data

MRKT.	Particulars		Percentages (%)		NUMBER OF RESPONDENTS
	Yes	No	Yes	No	
M1	12	1	92.3	7.7	13
M2	20	7	74.1	25.9	27
M3	6	2	75.0	25.0	8
M4	17	5	77.3	22.7	22
M5	11	3	78.6	21.4	14
Total	66	18	79	21	84

Graph 16: Opinion on need to improve banking facility



As seen in Table 16 that 79% of the respondents felt the need to improve the banking facilities. So there is a need to look into the needs of the farmers to better their satisfaction level.

Source : Table 16

7. Summary of Findings

The survey shows that 98% of the farmers have a bank account. This gives us an insight on the farmers' basic awareness of banking facilities. However, although 98% of the farmers had a bank account, only 39% of the respondents knew about the different schemes being provided to them. So it can be said that awareness about the banking facilities in rural area is a major area of concern.

Although banks have been set up to provide finance, yet farmers do not have an easy access to these sources. Majority

of the respondents opined that the interest rates charged by the banks are high. Although the government has reduced the rate of interest to 4%, the interest rate is still more than 4% in the rural areas. As a result of this, farmers prefer co-operative societies over banks. It was also noted that the farmers prefer cooperative societies as priority is given to the cooperative societies during loan waivers.

Another reason for inadequacy of banking in rural the areas is due to complex processes and procedures. The

It was also noted that the farmers prefer cooperative societies as priority is given to the cooperative societies during loan waivers.

cumbersome process of fulfilling documentary requirements for obtaining a loan acts as a deterrent to the largely illiterate farmers who are approaching these sources. About 46% of the respondents preferred moneylenders because of easiness. The lengthy procedures involved also raises the total cost of a loan, although rates of interest have been kept low as compared to the moneylenders. Farmers prefer to avail informal loans where the rates of interest are exorbitant but credit is timely and adequately available.

The survey results are consistent with a prior observations. It is quite clear that majority of the farmers involved in agriculture are not educated and those who have education give up farming, leaving the less qualified to undertake labour intensive work. There is not much foresight to introduce modern technology or high quality seeds. This is highlighted from the fact that 33% of the respondents have not even completed their SSLC. Further, lack of education is also a major factor or obstacle in the selection of right loan option for the right purpose.

8. Conclusion

The research on "Banking habits amongst farmers in rural areas of Shimoga district" was conducted by a group of 6 MBA students/researchers. During the research, the respondents' positive response helped researchers to do the study effectively. This research work helped the researchers to get an insight on the banking facilities available to the farmers.

It is found that the literacy level of farmers influenced the banking habits. Though the farmers are aware of the

basic facilities being provided by the banks, there is a gap between the schemes available and the actual implementation of loan facilities. Due to lack of knowledge/education, they fail to avail the banking facilities. Educating farmers is one of the most important tasks to be taken up by the government, as farming is one of the primary sectors which acts as an anchor to India's growth.

Researchers found that there are certain grey areas, which need to be concentrated upon by the banks. Most of the farmers don't prefer banks to cooperative societies mainly because of high rates of interest and the cumbersome process of documentation. Amongst five different markets that the researchers studied, they found that the awareness and needs of each market varied, but their opinions about the rates of interest and documentation remained the same. Most of the farmers are reluctant to use the banking facilities for the fear of losing their property, in case of irregularities in repayment of loan due to unforeseen circumstances. So, this study clearly indicated the need to bring awareness about the banking systems among farmers in rural areas.

REFERENCES:

- [1] Gourav Vallabh & Suraj Chatrath, (2006), Role of Banks In Agriculture & Rural Development, pp. 1122 - 1130
- [2] Ram Reddy G, (1999), Third Endowment Lecture by Dr. Y.V.Reddy on "Future of rural banking", Deputy Governor,

Most of the farmers are reluctant to use the banking facilities for the fear of losing their property, in case of irregularities in repayment of loan due to unforeseen circumstances.

- Reserve Bank of India, at Potti Sreeramulu Telugu University Auditorium Public Gardens, Hyderabad, December 4, 1999
- [3] Navjot Sandhu, (2006-07), "Finance Gap amongst Smaller farmers in India", study conducted in Punjab, University of Central England, United Kingdom, 2008-09.
- [4] Lakhwinder Singh, (2008), "Rural Finance and Farmers'Indebtedness: A Study of Two Punjabs", PUNJABI UNIVERSITY.
- [5] Kempson and Whyley World Bank, 2008; Asian Development Bank, 2007; and Kempson et al., 2004., 1999; Kempson et al., 2000; Connolly and Hajaj, 2001
- [6] Harishchandra Sukhdeve, (2006), AGM, Bank of Maharashtra. What ails Farmer?
- [7] Chandrasekhar C P & Jayati Ghosh, (2005), "The burden of farmers' debt", "Hindu Business Line, August 30, 2005
- [8] Mehta M S (2007), Financial Inclusion and Financial Literacy:Union Bank's Initiatives, July-September, 2007
- [9] Shivamogga District Statistical Survey- At a Glance 2004-2005 pp. 16-17
- [10] William G Zikmund, (2003), "BUSINESS RESEARCH METHODS" (7th Edition) , South Western CENGAGE Learning ,Oklahoma State University, pp. 472-491

* * * * *

UTILIZATION OF FUND TO IMPROVE PROFITABILITY OF MULTINATIONAL COMPANIES IN INDIAN PHARMACEUTICAL SECTOR: A STUDY

Mr. Kaushik Chakraborty*

ABSTRACT: Liberalization of the Indian economy in 1991 exposed the Indian pharmaceutical industry to intensified competition from multinational corporations. Further, India's signing of the Trade Related Intellectual Property Rights System (TRIPS) agreement compelled the industry to look at growth driven by product innovation. In this backdrop, survival of the multinational companies in the Indian pharmaceutical sector requires efficient fund management which is an integral part of the overall corporate strategy to create shareholder value. Although during the last four decades, in US, UK and some other developed countries a considerable number of studies have been conducted on the evaluation of the interrelationship between management of fund and profitability, this important issue has not been considered with due importance in India. Furthermore, no study in connection with this unresolved issue has yet been made during the post-liberalization era on multinational pharmaceutical companies in India. In this context, the present paper makes an attempt to examine empirically the performance of the Indian pharmaceutical industry during the post-liberalization era in reference to the relationship between fund management and profitability of ten selected multinational pharmaceutical companies belonging to the Indian private sector during the period 1999-2000 to 2008-09. The data used in this paper pertains to the year end figures of each financial year under study. The study tries to account for the effects of the liberalization reforms carried out in the 1990s, which can't be discerned clearly during the initial years of the reforms. Therefore, the financial year 1999-2000 has been treated as the initial year of the period under study. The issue has been tackled using relevant statistical tools and techniques.

Key Words:

*Fund management,
Profitability,
Multinational
Pharmaceutical
companies*

INTRODUCTION:

I. Introduction:

Fund management is the effective and efficient acquisition and utilization of fund. There are different opinions regarding what is exactly meant by a fund. According to the orthodox school, fund is represented by only cash. Others, however, opine that the aggregate of all the items appearing on the liabilities side of the balance sheet is to be treated as the actual fund of the

firm. Some others prefer to treat the total assets invested and employed in the firm as its total fund. Here, the total amount of fixed assets, inventories and debtors has been considered as the fund of the concern. The way in which funds are managed can have a significant impact on the profitability of the company. The efficiency with which funds are managed is gleaned from turnover ratios. As per the traditional view, a low value of turnover ratio hurts the company's profitability. However, it is an empirical

question whether a high value of turnover ratio has a positive influence on the company's earning capability. The issue relating to fund management and its impact on profitability is gaining importance in the context of the changing business paradigms ushered in by globalization and liberalization. It is certain that the Indian pharmaceutical landscape is changing rapidly and becoming more competitive due to intensified competition from multinational companies and the signing of the Trade Related Intellectual Property Rights System (TRIPS) agreement. In this backdrop, survival of the multinational companies in the Indian pharmaceutical sector requires efficient fund management which is an integral part of the overall corporate strategy to create share holder value. Although during the last four decades, in US, UK and some other developed countries a considerable number of studies have been conducted on the evaluation of the interrelationship between management of fund and profitability, this important issue has not been considered with due importance in India. Furthermore, no study in connection with this unresolved issue has yet been made during the post-liberalization era on multinational pharmaceutical companies in India. In this context, the present paper makes an attempt to examine empirically the performance of the Indian pharmaceutical industry during the post-liberalization era in reference to the relationship between fund management and profitability of ten selected multinational pharmaceutical companies belonging to the Indian private sector during the period 1999-2000 to 2008-09. The data

used in this paper pertains to the year end figures of each financial year under study.

The remainder of this paper is organized as follows. Section II reviews the existing literature on the relationship between management of fund and profitability. Section III narrates the objectives of the study. In Section IV the methodology adopted in this study is explained. Section V presents the findings of the study. In Section VI concluding remarks are given.

II. Review of literature:

During the last four decades, in U.S.A., U.K. and some other developed countries several studies have been carried out on fund management. Lemke (1970), Gentry (1976), Foster (1978), Smith (1980), Shin & Soenen (1998) are among the prominent contributors who extensively investigated the issue of interrelationship between utilization of funds and profitability. The findings of their studies are conflicting in nature. In fact, there are many intricacies in assessing the influence of management of different asset components on the profitability of a firm. Sur, Chakraborty and Begum (2008), who made a study on the interrelationship between asset management and profitability in the Indian tea industry, concluded that the joint influence of the fixed asset management, inventory management and debtors' management on the corporate profitability was not statistically significant in the selected tea companies. In another study carried out by Sur and Chakraborty (2009) the relationship between fund management and profitability of twenty five selected

Indian pharmaceutical sector requires efficient fund management which is an integral part of the overall corporate strategy to create share holder value.

The ratios relating to the measurement of efficiency in fund management which have been used in this study are: (a) fixed assets turnover ratio (FATR), (b) inventory turnover ratio (ITR) and (c) debtors turnover ratio (DTR). The profitability measures which have been selected for this study are: (A) profit before interest & tax margin (PBITM) and (B) return on capital employed (ROCE).

pharmaceutical companies belonging to the Indian private sector during the period 1993-94 to 2004-05 has been examined empirically. The study concluded that in a majority of the cases, the management of fixed assets and inventory made positive as well as very significant contribution towards improvement of the earning capability of the companies under study.

III. Objectives of the study:

The present study has the following objectives:

- (i) To measure the impact of fund management on profitability of multinational companies in Indian pharmaceutical industry, by computing Pearson's simple correlation coefficient, Spearman's rank correlation coefficient and Kendall's correlation coefficient between profit before interest and tax margin (PBITM) and each of some of the selected efficiency indicators of fund management and between return on capital employed (ROCE) and each of these efficiency parameters for each of the companies selected in this study.
- (ii) To assess the joint effect of the selected efficiency measures on the profitability of each of the multinational pharmaceutical companies under study by applying multiple correlation and multiple regression techniques.

IV. Methodology of the study:

The study is based on some selected companies in the Indian pharmaceutical industry. In this study ten well-known multinational companies belonging to the private sector have been selected

following purposive sampling procedure. The companies that have been chosen for this study have been listed in Appendix 1. The data of the selected companies for the period 1999-2000 to 2008-09 used in this study have been taken from the Capitaline Corporate Database, the Official database of Capital Market Publishers (India) Ltd., Mumbai. In fact, the post-liberalization period has been considered in this study. Although liberalization process started in India in July 1991, it is obvious that its effect could not be seen immediately after its inception. Thus, for accounting for the effects of liberalization the financial year 1999-2000 has been treated as the initial year of the period under study. The data used in this paper pertains to the year end figures of each financial year under study. While making analysis of these data ratio analysis as well as various statistical tools and techniques have been used. The ratios relating to the measurement of efficiency in fund management which have been used in this study are: (a) fixed assets turnover ratio (FATR), (b) inventory turnover ratio (ITR) and (c) debtors turnover ratio (DTR). The profitability measures which have been selected for this study are: (A) profit before interest & tax margin (PBITM) and (B) return on capital employed (ROCE). The degree of relationship between efficiency of fund management and profitability has been assessed through correlation coefficients between the selected measures of fund management and profitability taking into account their magnitudes (i.e. by Pearson's simple correlation coefficient), ranking of their magnitudes (i.e. by Spearman's rank correlation coefficient) and the nature of their associated changes (i.e. by Kendall's correlation

coefficients). For studying the joint influence of the selected measures relating to fund management on profitability, multiple correlation and multiple regression techniques have been applied. In order to examine whether the computed values of correlation coefficients and partial regression coefficients are statistically significant or not, t test has been used. The multiple correlation coefficients have been tested by F test.

V. Findings of the study:

I.A) Table I shows that out of thirty correlation coefficients between FATR and PBITM in the ten selected companies, twenty-five coefficients were positive, out of which only seven coefficients were found to be statistically significant while the remaining five correlation coefficients were negative and all these coefficients were found to be statistically insignificant. Table I also depicts that out of thirty correlation coefficients between FATR and ROCE in the selected companies, twenty-nine coefficients were positive, out of which eighteen coefficients were found to be statistically significant, whereas the remaining one correlation coefficient was negative as well as found to be statistically insignificant. Theoretically, the higher the FATR, the greater is the efficiency of managing fund invested in fixed assets and the higher is the earning capability. The computed values of correlation coefficient between FATR and PBITM and those between FATR and ROCE in a majority of the companies selected in this study conform to the theoretical argument.

B) Table II exhibits that out of thirty

correlation coefficients between ITR and PBITM in the selected companies' twenty-seven coefficients were positive, out of which eleven coefficients were significant while the remaining three correlation coefficients were negative and all these negative coefficients were found to be statistically insignificant. This table also discloses that the correlation coefficient between ITR and ROCE was found to be positive in twenty-five out of thirty cases, and of these twenty-five correlation coefficients, nine were found to be statistically significant. The remaining five correlation coefficients between ITR and ROCE were negative and were found to be statistically insignificant. It is an accepted principle that the higher the ITR, the greater is the efficiency of inventory management and the larger is the scope of profitability. The computed values of correlation coefficient between ITR and PBITM and those between ITR and ROCE in a substantial portion of the sample companies conform to the accepted principle.

C) Table III reveals that out of thirty correlation coefficients between DTR and PBITM twenty-five coefficients were positive of which only two coefficients were found to be statistically significant and five coefficients were negative of which two coefficients were found to be statistically significant. This table also shows that the correlation coefficient between DTR and ROCE was found to be positive in twenty-one out of thirty cases of which only two were found to be statistically significant, whereas in the remaining nine cases, the correlation was found to be negative of which three

The higher the FATR, the greater is the efficiency of managing fund invested in fixed assets and the higher is the earning capability. The efficiency of inventory management and the larger is the scope of profitability.

The negative impact of DTR on ROCE was found to be statistically significant in one company while the positive influence of DTR on PBITM was found to be statistically insignificant.

cases were found to be statistically significant. Generally speaking, the faster the DTR the lower is the relative investment in receivables and the higher is the profitability. The computed values of correlation coefficient between DTR and PBITM and those between DTR and ROCE in a majority of the companies under study conform to the principle.

II. The joint influence of the selected ratios indicating efficiency of fund management on the profitability of each of the companies under study has been studied in Table IV, Table V, Table VI and Table VII. The multiple regression equations which have been fitted in this study are: (a) $PBITM = b_0 + b_1.FATR + b_2. ITR + b_3.DTR$ where b_0 is the constant, b_1 , b_2 , and b_3 are the partial regression coefficients and (b) $ROCE = B_0 + B_1.FATR + B_2.ITR + B_3.DTR$ where B_0 is the constant, B_1 , B_2 , and B_3 are the partial regression coefficients.

Table IV shows that when FATR increased by one unit, the PBITM increased in eight companies out of the ten companies under study and the increase in PBITM was found to be statistically significant in four companies only, whereas for one unit increase in FATR, the PBITM decreased in two companies, but the decrease in PBITM was found to be statistically insignificant. When ITR increased by one unit, the PBITM stepped up in eight companies and it came down in the remaining two companies. The positive influence of ITR on PBITM was found to be statistically significant in two companies, whereas the negative effect of ITR on PBITM revealed in the two companies was found to be statistically insignificant. For one unit increase in

DTR, the PBITM increased in six companies whereas it declined in the remaining four companies. However, the negative impact of DTR on ROCE was found to be statistically significant in one company while the positive influence of DTR on PBITM was found to be statistically insignificant.

Table V exhibits that when FATR increased by one unit, the ROCE went up in nine companies out of the selected ten companies, and the increase in ROCE was found to be statistically significant in five companies, whereas for one unit increase in FATR, the ROCE came down in one company which is statistically insignificant. For one unit increase in ITR, the ROCE increased in eight companies, whereas it reduced insignificantly in the remaining two companies. The increase in ROCE was found to be statistically significant in two companies. When DTR increased by one unit, the ROCE stepped up in seven companies, out of which only in one company this change was found to be statistically significant whereas the decrease in ROCE due to one unit increase in DTR which was found in the remaining three companies out of which in one company only the partial regression coefficient was found to be statistically significant.

Table VI reveals that the multiple correlation coefficient of PBITM on FATR, ITR, and DTR in the selected companies ranged between 0.425 (Organon) and 0.935 (Merck). This coefficient was found to be statistically significant in four companies. It implies that the joint influence of management of fixed asset, inventory and debtors on profitability was notable only in these four companies. The coefficients of

multiple determination in the selected companies reflect that the percentage of the total variation in the PBITM of the selected ten companies due to the variation in FATR, ITR and DTR ranged between 18 per cent and 87.5 per cent.

Table VII shows that the multiple correlation coefficient of ROCE on FATR, ITR and DTR in the companies under study varied between 0.559 (Fulford) and 0.895 (Merck). This coefficient was found to be statistically significant in five companies. It reveals that the joint influence of FATR, ITR and DTR on ROCE was highly significant in these five companies. The contribution made by the selected variables towards improving ROCE in the companies under study varied between 31.2 per cent and 80.1 per cent.

VI. Concluding remarks:

(i) There was a positive association between FATR and profitability in fifty-four out of sixty cases and in twenty-five cases the positive association was significant. In the remaining six cases, the relationship between FATR and profitability was negative but not at all significant. Thus, the analysis of correlation between FATR and both measures of profitability reveals that in 90 per cent cases a positive association was observed and in (46.30 per cent) of these cases the positive association was significant. Therefore, the study of the interrelation between FATR and profitability in a majority of the pharmaceutical companies conforms to the generally accepted rule that the higher the efficiency of fixed asset management, the higher the profitability.

(ii) A positive correlation between ITR

and profitability was found in fifty-two cases out of sixty cases and the positive correlation was significant in twenty cases. The association between ITR and profitability was negative as well as insignificant in the remaining eight cases. Thus, the study of correlation between ITR and both measures of profitability exhibits that there was a positive relationship between efficiency of inventory management and profitability in 86.67 per cent cases and in 38.46 per cent of these cases the relationship was found to be significant. Hence, these results provide strong evidence of positive contribution of inventory management towards improving earning capability in a substantial portion of the sample companies during the study period.

(iii) The relationship between DTR and profitability was positive in forty-six cases out of sixty cases and in four cases the positive association was significant. In the remaining fourteen cases, DTR was negatively associated with profitability and in five cases out of these fourteen, the negative association was statistically significant. Thus the analysis of correlation between DTR and both measures of profitability discloses that in 76.67 per cent cases a positive association was found and in the remaining 23.33 per cent cases a negative association was observed. Although both significant favourable and adverse effects of the performance of debtors' management on profitability was present in the selected pharmaceutical companies, the outcome of the study confirms the hypothesis in a majority of the cases that the higher the efficiency of credit management, the higher the profitability.

These results provide strong evidence of positive contribution of inventory management towards improving earning capability in a substantial portion of the sample companies during the study period.

The study of multiple correlation coefficient of ROCE on FATR, ITR, and DTR reflects that the joint impact of fixed asset management, inventory management and credit management on profitability was notable in five companies.

(iv) The study of the partial regression coefficients shown in the regression equation of PBITM on FATR, ITR and DTR and the regression equation of ROCE on FATR, ITR and DTR which were fitted in this study reveals that in nine cases the effect of fixed assets management on profitability was positive as well as significant, while in three cases the effect was negative but insignificant, in four cases the impact of inventory management on profitability was positive and significant whereas in no case the impact was negative as well as insignificant and the effect of credit management on profitability was positive and significant in one case, while in two cases the effect was negative as well as significant. Thus, the significant effect of fixed assets management on profitability was positive in 100 per cent cases and that of inventory management on profitability was positive in 100 per cent cases whereas the significant influence of credit management on profitability was positive only in 33.34 per cent cases. It also confirms that in a majority of the cases the management of fixed assets and the inventory management made positive as well as very significant contribution towards improvement of earning capability of the pharmaceutical companies during the study period.

(v) The analysis of multiple correlation coefficient of PBITM on FATR, ITR and DTR discloses that the joint influence of fixed asset management, inventory management and debtors' management on profitability was very significant in four out of the ten selected companies, while the study of coefficient of multiple determination witnesses

that at least 64.2 per cent of the total variation in the profitability of these four companies was accounted for by the joint variation in the three selected indicators of fund management, FATR, ITR and DTR. The study of multiple correlation coefficient of ROCE on FATR, ITR, and DTR reflects that the joint impact of fixed asset management, inventory management and credit management on profitability was notable in five companies, whereas the analysis of multiple determination makes it clear that at least 68.9 per cent of the total variation in the profitability of these five companies was explained by the three selected measures relating to fund management.

References:

- Foster, G. (1978): *Financial Statement Analysis*, Prentice-Hall, Inc., Englewood Cliffs, New Jersey, pp.135-180.
- Gentry, J.E.(1976): "Management Perceptions of the Working Capital Process", Faculty Working Paper, College of Commerce and Business Administration, University of Illinois.
- Joy, O.M.(1977): *Introduction to Financial Management*, Richard D. Irwin, Inc. Homewood, Illinois, pp. 17-48.
- Lemke, K.W. (1970): "The Evaluation of Liquidity: An Analytical Study", *Journal of Accounting Research*, Spring, pp. 47-77.
- Lev, B. (1974): *Financial Statement Analysis- A New Approach*, Prentice Hall, Inc., Englewood Cliffs, New Jersey, pp. 25-27.

- Mallik, A.K. and Sur, D. (1998): "Working Capital and Profitability: A Case Study in Interrelation", *The Management Accountant*, November, pp. 805-809.
- Mallik, A.K., Sur, D. and Rakshit, D. (2005): "Working Capital and Profitability: A Study on their Relationship with Reference to Selected Companies in Indian Pharmaceutical Industry", *GITAM, Journal of Management*, Vol: 3, No. 2, July-Dec., pp. 51-62.
- Schall, L.D. and Haley, C.W. (1983): *Introduction to Financial Management*, Tata McGraw – Hill Publishing Co. Ltd., New Delhi, pp. 396-412.
- Shin, H.H. and Soenen, L. (1998): "Efficiency of Working Capital Management and Corporate Profitability", *Financial Practice and Education*, Fall Winter, pp. 37-45.
- Smith, K. (1980): "Profitability Versus Liquidity Tradeoffs in Working Capital Management", in K.V. Smith, *Readings on The Management of Working Capital*, St. Paul, MN, West Publishing Company, pp. 549-562.
- Sur, D. and Chakraborty, K. (2006): "Financial Performance of Indian Pharmaceutical Industry: An Inter-Company Analysis", *The Alternative*, Birla Institute of Technology, Mesra, October 2005-March 2006, pp. 37-47.
- Sur, D., Das, S., and Chakraborty, K. (2006): "Trends in Financial Performance of Indian Pharmaceutical Industry- A Study of Dr. Reddy's Laboratories Ltd.", *ICFAI Reader*, October, pp. 85 – 93.
- Sur, D. and Chakraborty, K. (2009): *Fund Management and Profitability: A Study on their Relationship with Reference to Selected Pharmaceutical Companies in India*, *The Icfai Journal of Management Research*, Vol. VIII, No. 2, pp. 15-33.
- Sur, D., Chakraborty, K. and Begum, P. (2008): "Interrelationship of Managing Assets and Profitability", *ICFAI Reader*, Vol. XI, Issue- 10, pp. 63-66.
- Swain, N., Mishra, C.S., Jayasimha, K.R. and Vijayalakshmi (2003): "Indian Pharmaceutical Industry" in K. Kesiraju (ed), *Pharma Sector – Trends and Cases (Vol. 1)*, The ICFAI University Press, Hyderabad, pp. 35-65.

Table I
Analysis of Correlation between Management of Fixed Assets and Profitability of the Selected Companies in Indian Pharmaceutical Industry

Company	Correlation coefficient between FATR and PBITM			Correlation coefficient between FATR and ROCE		
	Pearson	Kendall	Spearman	Pearson	Kendall	Spearman
Abbott	0.741 (3.489)**	0.364 (1.235)	0.469 (1.679)	0.735 (3.427)**	0.615 (1.809)*	0.615 (2.466)*
Astrazeneca	0.404 (1.796)	0.091 (0.288)	0.133 (0.424)	0.803 (4.260)**	0.576 (2.228)**	0.699 (3.090)*
Aventis	0.729 (3.367)**	0.565 (2.165)*	0.760 (3.585)**	0.835 (4.798)**	0.718 (3.262)**	0.865 (5.451)**
Fulford	0.299 (0.990)	0.016 (0.047)	(-0.063) (0.199)	0.222 (0.719)	0.076 (0.241)	(-0.021) (0.066)
Glaxosmithkline	0.896 (6.380)**	0.364 (1.235)	0.510 (1.874)	0.802 (4.245)**	0.242 (0.788)	0.392 (1.347)
Merck	0.674 (2.869)*	0.333 (1.116)	0.413 (1.434)	0.605 (2.402)*	0.168 (0.538)	0.340 (1.143)
Novartis	0.196 (0.632)	0.061 (0.193)	0.084 (0.266)	0.616 (2.472)*	0.485 (1.753)*	0.573 (2.210)
Organon	0.072 (0.228)	0.030 (0.094)	(-0.035) (0.110)	0.586 (2.286)*	0.455 (1.615)*	0.608 (2.421)*
Pfizer	0.418 (1.455)	0.412 (1.430)	0.641 (2.640)*	0.481 (1.734)	0.364 (1.236)	0.608 (2.422)*
Wyeth	(-0.437) (1.536)	(-0.273) (0.897)	(-0.406) (1.405)	0.708 (3.170)*	0.394 (1.355)	0.566 (2.171)

Figures in the parentheses indicate t values
 *Significant at 5 per cent level.
 ** Significant at 1 per cent level.

Source: Compiled and computed from Capitaline Corporate Database, Capital Market Publishers (India) Ltd. Mumbai

Table II
Analysis of Correlation between Inventory Management and Profitability of the Selected Companies in Indian Pharmaceutical Industry

Company	Correlation coefficient between ITR and PBITM			Correlation coefficient between ITR and ROCE		
	Pearson	Kendall	Spearman	Pearson	Kendall	Spearman
Abbott	0.462 (1.647)	0.331 (1.116)	0.455 (1.615)	0.496 (1.806)	0.424 (1.493)	0.328 (1.219)
Astrazeneca	0.226 (0.733)	0.212 (0.686)	(-0.147) (0.469)	0.679 (2.505)	(-0.121) (0.385)	(-0.189) (0.585)
Aventis	0.612 (2.447)*	0.456 (1.615)*	0.720 (3.290)**	0.797 (4.172)**	0.606 (2.409)**	0.894 (4.275)**
Fulford	0.479 (1.725)	0.168 (0.538)	0.235 (0.764)	0.452 (1.602)	0.168 (0.535)	0.276 (0.886)
Glaxosmithkline	0.593 (2.328)*	0.198 (0.638)	0.305 (1.121)	0.513 (1.893)	0.229 (0.743)	0.333 (1.116)
Merck	0.900 (6.529)**	0.485 (1.753)*	0.650 (2.704)*	0.785 (4.007)**	0.657 (2.755)**	0.834 (4.779)**
Novartis	0.407 (1.570)	0.333 (1.116)	0.441 (1.553)	0.321 (1.071)	0.273 (0.897)	0.413 (1.434)
Organon	0.345 (1.162)	(-0.061) (0.193)	(-0.042) (0.132)	(-0.068) (0.215)	0.061 (0.193)	0.133 (0.424)
Pfizer	0.680 (2.932)*	0.462 (1.647)*	0.611 (2.440)*	0.602 (2.384)*	0.473 (1.697)*	0.641 (2.640)*
Wyeth	0.728 (3.358)**	0.364 (1.235)	0.497 (1.811)	(-0.088) (0.270)	0.183 (0.586)	(-0.014) (0.044)

Figures in the parentheses indicate t values
 *Significant at 5 per cent level.
 ** Significant at 1 per cent level.

Source: Compiled and computed from Capitaline Corporate Database, Capital Market Publishers (India) Ltd. Mumbai

Table III
Analysis of Correlation between Debtors Management and Profitability of the Selected Companies in Indian Pharmaceutical Industry

Company	Correlation coefficient between DTR and PBITM			Correlation coefficient between DTR and ROCE		
	Pearson	Kendall	Spearman	Pearson	Kendall	Spearman
Abbott	0.490 (1.777)	0.061 (0.193)	0.128 (0.401)	0.540 (2.028)	0.212 (0.685)	0.308 (1.023)
Astrazeneca	0.225 (0.730)	0.107 (0.340)	0.207 (0.669)	0.396 (1.363)	0.290 (0.968)	0.371 (1.263)
Aventis	0.073 (0.231)	0.121 (0.385)	0.252 (0.823)	0.122 (0.388)	0.091 (0.288)	0.119 (0.379)
Fulford	0.460 (1.638)	0.290 (0.968)	0.497 (1.811)	0.434 (1.523)	0.351 (1.185)	0.511 (1.879)
Glaxosmithkline	0.349 (1.177)	0.515 (1.899)*	0.545 (2.055)	0.438 (1.532)	0.636 (2.606)**	0.664 (2.808)**
Merck	(-0.227) (0.737)	0.273 (0.897)	0.014 (0.044)	0.566 (2.171)	0.229 (0.743)	0.298 (0.987)
Novartis	0.099 (0.314)	0.121 (0.385)	0.245 (0.799)	0.288 (0.951)	0.242 (0.788)	0.378 (1.291)
Organon	0.240 (0.781)	(-0.030) (0.094)	(-0.028) (0.088)	(-0.212) (0.686)	(-0.212) (0.686)	(-0.294) (0.972)
Pfizer	0.568 (2.182)	(-0.534) (1.997)*	(-0.609) (2.428)*	(-0.430) (1.505)	(-0.303) (1.005)	(-0.371) (1.263)
Wyeth	0.721 (3.290)**	0.364 (1.236)	0.497 (1.811)	(-0.658) (2.763)*	(-0.606) (2.409)**	(-0.818) (4.497)**

Figures in the parentheses indicate t values
 *Significant at 5 per cent level.
 ** Significant at 1 per cent level.

Source: Compiled and computed from Capitaline Corporate Database, Capital Market Publishers (India) Ltd. Mumbai

Table IV
Analysis of Multiple Regression of PBITM on FATR, ITR and DTR of the Selected Companies in Indian Pharmaceutical Industry Regression Equation of PBITM on FATR, ITR and DTR: $PBITM = b_0 + b_1 FATR + b_2 ITR + b_3 DTR$

Company	CONSTANT	Partial regression coefficients		
		FATR	ITR	DTR
Abbott	2.595 (0.502)	1.562 (2.785)**	0.399 (1.365)	-0.887 (-1.226)
Astrazeneca	2.328 (-0.297)	1.250 (0.439)	1.029 (1.614)	0.923 (1.179)
Aventis	-20.991 (-1.475)	16.459 (1.871)*	-1.611 (-0.662)	0.484 (0.775)
Fulford	1.764 (0.418)	-0.123 (-0.543)	0.640 (1.065)	0.153 (0.950)
Glaxosmithkline	0.241 (0.013)	8.361 (4.253)***	-3.162 (-0.819)	0.041 (0.221)
Merck	-3.163 (-0.565)	4.695 (1.980)*	1.555 (5.104)***	-0.295 (-0.527)
Novartis	2.860 (0.357)	1.920 (1.173)	3.417 (2.841)**	-2.272 (-1.998)*
Organon	0.694 (0.057)	0.851 (0.544)	0.399 (0.628)	0.538 (0.760)
Pfizer	9.004 (0.683)	-0.841 (0.326)	1.583 (1.503)	-0.340 (-0.640)
Wyeth	2.184 (0.274)	0.598 (0.572)	1.741 (1.468)	0.541 (1.472)

Figures in the parentheses indicate t values
 *Significant at 10 per cent level.
 **Significant at 5 per cent level.
 ***Significant at 2 per cent level.
 ****Significant at 1 per cent level.

Source: Compiled and computed from Capitaline Corporate Database, Capital Market Publishers (India) Ltd. Mumbai

Table V
Analysis of Multiple Regression of ROCE on FATR, ITR and DTR of
the Selected Companies in Indian Pharmaceutical Industry
Regression Equation of ROCE on FATR, ITR and DTR:
ROCE=B₀+B₁FATR+B₂ITR+B₃DTR

Company	Partial regression coefficients			
	CONSTANT	FATR	ITR	DTR
Abbott	-4.399 (-0.198)	5.154 (2.142)*	1.969 (1.569)	-1.887 (-0.608)
Astrazeneca	-27.233 (-1.523)	15.247 (2.351)**	1.091 (1.094)	1.101 (0.017)
Aventis	-40.254 (-1.653)	22.608 (1.899)	1.016 (0.244)	0.637 (0.596)
Fulford	16.291 (0.628)	-1.155 (-0.831)	4.346 (1.177)	1.021 (1.030)
Glaxosmithkline	14.076 (0.389)	10.321 (2.783)**	-4.436 (-0.098)	0.279 (0.803)
Merck	-13.599 (-0.885)	1.345 (0.208)	3.091 (3.723)****	3.471 (2.274)*
Novartis	-39.325 (-1.561)	12.225 (2.889)**	2.969 (0.955)	0.426 (0.145)
Organon	-18.364 (-0.656)	6.898 (2.291)*	-1.075 (-0.742)	1.633 (0.999)
Pfizer	-4.210 (-0.081)	3.035 (0.299)	4.640 (1.054)	-0.310 (-0.149)
Wyeth	12.921 (0.813)	3.066 (1.472)	5.784 (2.445)**	-1.654 (-2.255)*

Figures in the parentheses indicate t values
 *Significant at 10 per cent level **Significant at 2 percent level
 Significant at 5 per cent level *Significant at 1 per cent level.
 Source: Compiled and computed from Capitaline Corporate Database, Capital Market Publishers (India) Ltd. Mumbai.

Table VII			
Analysis of Multiple Correlation of ROCE on FATR, ITR and DTR of the Selected Companies in Indian Pharmaceutical Industry			
Multiple Correlation Coefficient of ROCE on FATR, ITR and DTR			
Company	R	R ²	F
Abbott	0.819	0.671	7.447
Astrazeneca	0.838	0.702	6.286*
Aventis	0.852	0.726	7.079*
Fulford	0.559	0.312	1.216
Glaxosmithkline	0.830	0.689	5.909*
Merck	0.895	0.801	10.756**
Novartis	0.750	0.562	3.424
Organon	0.651	0.423	1.957
Pfizer	0.609	0.371	1.574
Wyeth	0.857	0.735	7.401*

*Significant at 5 per cent level
 **Significant at 1 per cent level
 Source: Compiled and computed from Capitaline Corporate Database, Capital Market Publishers (India) Ltd., Mumbai.

Table VI			
Analysis of Multiple Correlation of PBITM on FATR, ITR and DTR of the Selected Companies in Indian Pharmaceutical Industry			
Multiple Correlation Coefficient of PBITM on FATR, ITR and DTR			
Company	R	R ²	F
Abbott	0.836	0.669	6.200*
Astrazeneca	0.660	0.436	2.061
Aventis	0.753	0.568	3.502
Fulford	0.556	0.309	1.195
Glaxosmithkline	0.906	0.821	12.198**
Merck	0.935	0.875	18.669**
Novartis	0.727	0.529	2.994
Organon	0.425	0.180	0.587
Pfizer	0.703	0.494	2.606
Wyeth	0.801	0.642	4.783*

*Significant at 5 per cent level
 **Significant at 1 per cent level
 Source: Compiled and computed from Capitaline Corporate Database, Capital Market Publishers (India) Ltd., Mumbai.

Appendix I	
List of Companies under Study	
Sl. No.	Company
1	Abbot India Ltd. (Abbott)
2	Astrazeneca Pharma India Ltd. (Astrazeneca)
3	Aventis Pharma Ltd. (Aventis)
4	Fulford (India) Ltd. (Fulford)
5	Glaxosmithkline Pharmaceuticals Ltd. (Glaxosmithkline)
6	Merck Ltd. (Merck)
7	Novartis India Ltd. (Novartis)
8	Organon (India) Ltd. (Organon)
9	Pfizer Ltd. (Pfizer)
10	Wyeth Ltd. (Wyeth)

Note: Serial numbers denote alphabetical order of the names of the companies

SIGNIFICANT FACTORS INFLUENCING THE PARAMETERS OF INDUSTRIAL RELATIONS IN AN ORGANISATION

S. PRUTHVIRAJA PANDE *

Dr. S. RAMESH**

ABSTRACT: In the study of Industrial Management with respect to the organisations, much focused on manufacturing industries in the study, this research study will through the implications and the impact of Demographics variables in the study of Industrial Management. The aim of this paper is to study the impact of the demographics of the respondents like the age of the respondents, gender of the respondents, educational qualification of the respondents, scale of employment of the respondents and grade of employment of the respondents in the manufacturing industries have significant influences on the parameters of industrial relations in any organisation.

In any organisation, Industrial Relations is one tool which enhances the production, inter-personnel relations, better industrial relations between the management and the working staff along with better performance, updation of skills, training and motivations. However, there are some facts that influence the Industrial Relations in any organisation as far as any research study, survey or opinions are concerned. I have Interviewed 10 each randomly selected employees for primary data from 10 Government enterprises, 15 Public Sector Units and 25 Private Sector organisations for the

research study.

The samples are drawn from different levels of employees differing in their age profile, gender, educational qualification, working status etc., and is heterogeneous in nature. For this purpose, the population was divided into various homogeneous strata and from these strata, random samples of employee respondents have been taken. Hence the Stratified Random Sampling Method was used for this study by taking 500 as the sample size of respondents. The sample size of 500 respondents is categorized as under:

Keywords:
Industrial Relations,
Organisation,
Demographic
Variables,
Manufacturing
Industries

Table No.1 - No. of Respondents in different types of Companies

Company Type	No. of Respondents
Government Companies	100
Public Sector Companies	150
Private Sector Companies	250
Total No. of Respondents	500

*Research Scholar, Ravenshaw University, Cuttack

** Mount Carmel College, Bangalore University

The data collected has been tabulated and analysed to arrive at suitable inferences. Statistical tools such as tabulation & diagrammatic/graphical presentation of the data collected, and analytical tools like ratios, percentages are used in this Study. Graphical representation of data has been carried out with the help of MS-EXCEL software. Since the Study has more than 50 variables to be covered, these are grouped into several Factors and this has been achieved with the help of Factor Analysis using SPSS software. This software programme is extensively used to draw various bi-variate frequency distributions involving two variables & correlation coefficients between related variables. Hypothesis Testing is carried out by using Analysis of Variance procedures & Levene's Statistic. The study of the association between related attributes is analysed with the help of the Spearman's Correlation Coefficients.

Various demographic variables are included in the Study to ascertain their effect on industrial relations existing in an organisation. Following is the list of the demographic variables covered by the Study.

A] Age of the respondents B] Gender of the respondents C] Qualification of the respondents D] Grade of Employment of the respondents and E] Scale of Employment of the respondents

The following paragraphs deal with the effect of these demographic variables on

Significance level: 5%

The Test Statistic used to test the above null hypothesis is Levene's Statistic whose results are as follows:

the industrial relations in an organisation. The factor Industrial Relations includes the following parameters as per the results of the Factor Analysis conducted:

- (a) Industrial safety requirements
- (b) Motivation by superiors
- (c) Stress on enhancement of work skills
- (d) Better communication channels
- (e) Communication of Information
- (f) Training
- (g) Presence of inputs and
- (h) Grievance Cell

The responses given by the sample employees of the organisations are assumed to not to vary significantly based on the demographic variables, on the Industrial Relations in organisations in the form of null hypothesis for testing the significance.

This is carried out as follows:

Null Hypothesis: There is no significant variation in the opinion of the employees on the Industrial Relations based on their demographic profile viz., Age, Gender, Qualification, Grade of Employment and Scale of Employment.

Alternative Hypothesis: There is a significant variation in the opinion of the respondent employees on the Industrial Relations based on their age profile viz., Age, Gender, Qualification, Grade of Employment and Scale of Employment.

Various demographic variables are included in the Study to ascertain their effect on industrial relations existing in an organisation.

The conclusion is drawn that the respondents vary significantly in their opinion on Industrial Relations in organisations based on their Gender, Qualification, Grade of Employment and Scale of Employment.

Test of Homogeneity of Variances

	Levene Statistic	df1	df2	p-value
Age	0.327	4	495	0.860
Gender	7.810	4	495	0.000
Qualification	7.825	4	495	0.000
Grade of Employment	12.466	4	495	0.000
Scale of Employment	2.712	4	495	0.029

Conclusions:

- This leads to the acceptance of the null hypothesis and the conclusion is drawn that the respondents do not vary significantly in their opinion on Industrial relations in organisations based on their age parameter.
- The conclusion is drawn that the respondents vary significantly in their opinion on Industrial Relations in organisations based on their Gender, Qualification, Grade of Employment and Scale of Employment. This implies that the respondents are unanimous in ranking these parameters of Industrial Relations in all the organisations that the Study covered.

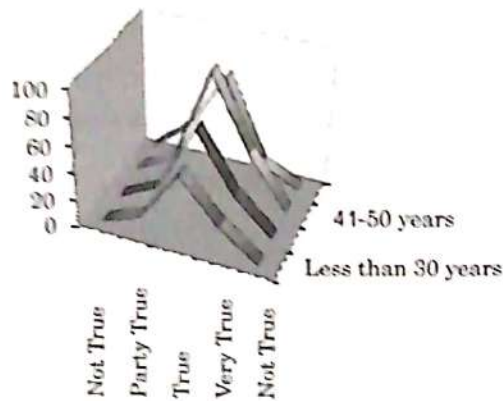
Data Analysis: The data relating to the age profile of the employees in the organizations and their ratings over the parameters of Industrial Relations are analysed as under: The respondents are asked to give their age (years) and these are converted into the age categories and the number of respondents under different age categories is found out.

The opinions of the respondents on the parameters of industrial relations are measured on a 5-point scale viz., Not True, Partly True, True, Very True and Not Sure. The results are as follows:

Age		Avg. Ranking on IR parameters					Total
		Not True	Partly True	True	Very True	Not Sure	
Less than 30 years	No. of Respondents	2	13	52	22	1	90
	% within "Age"	2.22	14.44	57.78	24.44	1.11	100.00
	% within "IR_AVGSC"	10.00	15.66	18.12	21.36	14.29	18.00
	% of Total	0.40	2.60	10.40	4.40	0.20	18.00
Between 31 and 40 years	No. of Respondents	3	17	68	26	1	115
	% within "Age"	2.61	14.78	59.13	22.61	0.87	100.00
	% within "IR_AVGSC"	15.00	20.48	23.69	25.24	14.29	23.00
	% of Total	0.60	3.40	13.60	5.20	0.20	23.00
Between 41 and 50 years	No. of Respondents	7	23	93	40	3	166
	% within "Age"	4.22	13.86	56.02	24.10	1.81	100.00
	% within "IR_AVGSC"	35.00	27.71	32.40	38.83	42.86	33.20
	% of Total	1.40	4.60	18.60	8.00	0.60	33.20
Above 50 years	No. of Respondents	8	30	74	15	2	129
	% within "Age"	6.20	23.26	57.36	11.63	1.55	100.00
	% within "IR_AVGSC"	40.00	36.14	25.78	14.56	28.57	25.80
	% of Total	1.60	6.00	14.80	3.00	0.40	25.80
Total	No. of Respondents	20	83	287	103	7	500
	% within "Age"	4.00	16.60	57.40	20.60	1.40	100.00
	% within "IR_AVGSC"	100.00	100.00	100.00	100.00	100.00	100.00
	% of Total	4.00	16.60	57.40	20.60	1.40	100.00
IR_AVGSC: Avg. Ranking on IR parameters.							

The data in the above table are shown in the following Chart.

Chart showing the opinion of the respondents on parameters of IR based on their age



It is also evident from the data that progression in the age increases the confidence in employees to express their opinions frankly and clearly without much ambiguity.

Inference: From the analysis of the above data, the conclusion is drawn that significant percentage of respondents are above 31 years of age and are in agreement with the parameters of Industrial Relations in the organizations.

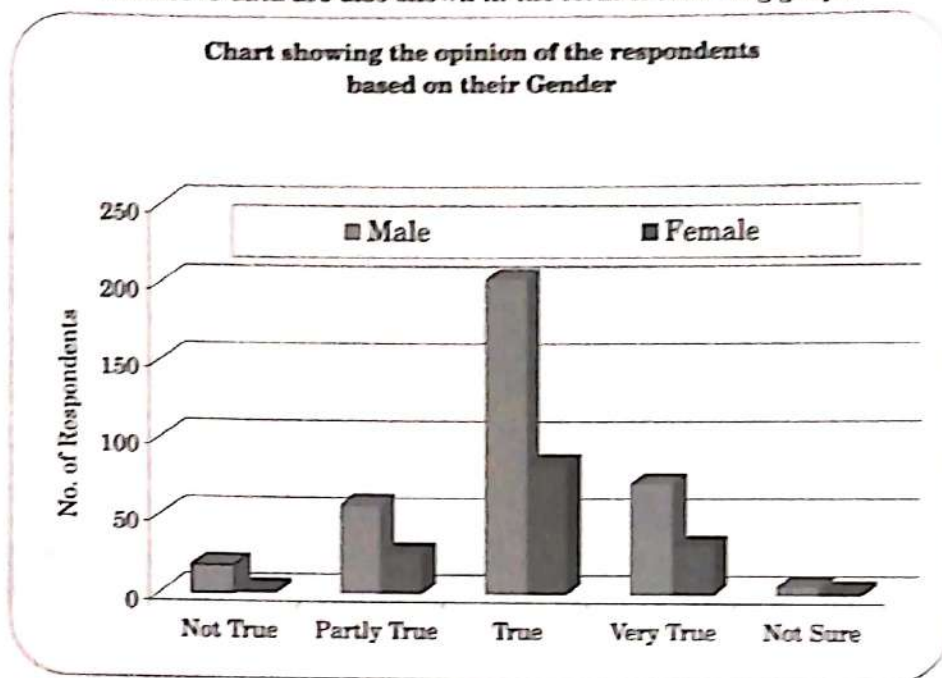
It is also evident from the data that progression in the age increases the confidence in employees to express their opinions frankly and clearly without much ambiguity. Very few of the

respondents who are aged are in a predicament to express their firm opinion.

(2) The analysis of data relating to the respondents' Gender and their ratings over the parameters of Industrial Relations is as follows: The respondents are categorized as Male and Female on the basis of their Gender and their ratings on the parameters of industrial relations are measured on a 5-point scale and analysed as under:

Gender		Avg. Ranking on IR parameters					Total
		Not True	Partly True	True	Very True	Not Sure	
Male	No. of Respondents	18	57	203	72	5	355
	% within Gender	5.07	16.06	57.18	20.28	1.41	100.00
	% within IR_AVGSC	90.00	68.67	70.73	69.90	71.43	71.00
	% of Total	3.60	11.40	40.60	14.40	1.00	71.00
Female	No. of Respondents	2	26	84	31	2	145
	% within Gender	1.38	17.93	57.93	21.38	1.38	100.00
	% within IR_AVGSC	10.00	31.33	29.27	30.10	28.57	29.00
	% of Total	0.40	5.20	16.80	6.20	0.40	29.00
Total	No. of Respondents	20	83	287	103	7	500
	% within Gender	4.00	16.60	57.40	20.60	1.40	100.00
	% within IR_AVGSC	100.00	100.00	100.00	100.00	100.00	100.00
	% of Total	4.00	16.60	57.40	20.60	1.40	100.00

The above data are also shown in the form of following graph.



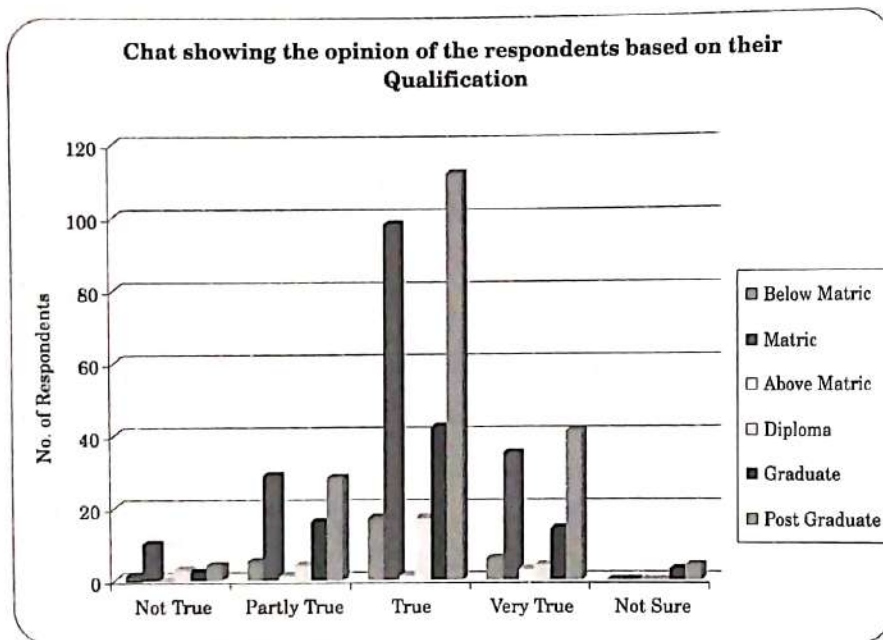
(3). The analysis of data relating to the respondents' Qualifications and their ratings over the parameters of Industrial Relations is as follows: The respondents are grouped on the basis of their educational qualifications as "Below Matric", "Matric", "Above Matric", "Diploma", "Graduate" and "Post Graduate". Their rating preferences on the parameters of industrial relations are measured on a 5-point scale and the results are tabulated as under:

Qualification		Avg. Ranking on IR parameters					Total
		Not True	Partly True	True	Very True	Not Sure	
Below Matric	No. of Respondents	1	5	17	6	0	29
	% within "Qualification"	3.45	17.24	58.62	20.69	0	100.00
	% within IR_AVGSC	5.00	6.02	5.92	5.83	0	5.80
	% of Total	0.20	1.00	3.40	1.20	0	5.80
Matric	No. of Respondents	10	29	98	35	0	172
	% within "Qualification"	5.81	16.86	56.98	20.35	0	100.00
	% within IR_AVGSC	50.00	34.94	34.15	33.98	0	34.40
	% of Total	2.00	5.80	19.60	7.00	0	34.40
Above Matric	No. of Respondents	0	1	1	3	0	5
	% within "Qualification"	0	20.00	20.00	60.00	0	100.00
	% within IR_AVGSC	0	1.20	0.35	2.91	0	1.00
	% of Total	0	0.20	0.20	0.60	0	1.00
Diploma	No. of Respondents	3	4	17	4	0	28
	% within "Qualification"	10.71	14.29	60.71	14.29	0	100.00
	% within IR_AVGSC	15.00	4.82	5.92	3.88	0	5.60
	% of Total	0.60	0.80	3.40	0.80	0	5.60
Graduate	No. of Respondents	2	16	42	14	3	77
	% within "Qualification"	2.60	20.78	54.55	18.18	3.90	100.00
	% within IR_AVGSC	10.00	19.28	14.63	13.59	42.86	15.40
	% of Total	0.40	3.20	8.40	2.80	0.60	15.40
Post Graduate	No. of Respondents	4	28	112	41	4	189
	% within "Qualification"	2.12	14.81	59.26	21.69	2.12	100.00
	% within IR_AVGSC	20.00	33.73	39.02	39.81	57.14	37.80
	% of Total	0.80	5.60	22.40	8.20	0.80	37.80
Total	No. of Respondents	20	83	287	103	7	500
	% within "Qualification"	4.00	16.60	57.40	20.60	1.40	100.00
	% within IR_AVGSC	100.00	100.00	100.00	100.00	100.00	100.00
	% of Total	4.00	16.60	57.40	20.60	1.40	100.00

Following are the findings of the data in the above table:

- Of the sample size interviewed, 29 respondents have the educational qualification of below matriculation standards, 172 are matriculates, 5 have qualification above matriculation, 28 of them are diploma holders, 77 are graduates and 189 are post graduates.
- Among the 29 respondents who are below matriculation, majority of them, numbering 28, are rating their opinion towards the truthfulness of the parameters of industrial relations. Only one of them feels that the parameters are not true. The Percentage of below matric respondents who feel that the parameters are true has been worked out to 96.55.

All these findings are shown graphically as under:



—

The respondents are classified on the basis of their grade of employment as "Unskilled", "Semi-skilled", "Skilled" and "Specialised".

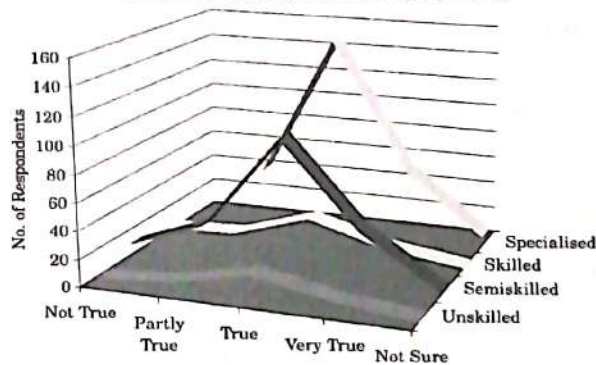
—

(4). The analysis of data relating to the Grade of Employment of the respondents and their ratings over the parameters of Industrial Relations is as follows: The respondents are classified on the basis of their grade of employment as "Unskilled", "Semi-skilled", "Skilled" and "Specialised". Their rating responses on the parameters of industrial relations are measured on a 5-point scale and the results are as follows:

Source : Table 6

Grade of Employment		Avg. Ranking on IR parameters					Total
		Not True	Partly True	True	Very True	Not Sure	
Un-skilled	No. of Respondents	1	5	17	6	0	29
	% within emp_grade	3.45	17.24	58.62	20.69	0	100.00
	% within IR_AVGSC	5.00	6.02	5.92	5.83	0	5.80
	% of Total	0.20	1.00	3.40	1.20	0	5.80
Semi-skilled	No. of Respondents	9	29	98	37	0	173
	% within emp_grade	5.20	16.76	56.65	21.39	0	100.00
	% within IR_AVGSC	45.00	34.94	34.15	35.92	0	34.60
	% of Total	1.80	5.80	19.60	7.40	0	34.60
Skilled	No. of Respondents	5	7	24	8	0	44
	% within emp_grade	11.36	15.91	54.55	18.18	0	100.00
	% within IR_AVGSC	25.00	8.43	8.36	7.77	0	8.80
	% of Total	1.00	1.40	4.80	1.60	0	8.80
Specialised	No. of Respondents	5	42	148	52	7	254
	% within emp_grade	1.97	16.54	58.27	20.47	2.76	100.00
	% within IR_AVGSC	25.00	50.60	51.57	50.49	100.00	50.80
	% of Total	1.00	8.40	29.60	10.40	1.40	50.80
Total	No. of Respondents	20	83	287	103	7	500
	% within emp_grade	4.00	16.60	57.40	20.60	1.40	100.00
	% within IR_AVGSC	100.00	100.00	100.00	100.00	100.00	100.00
	% of Total	4.00	16.60	57.40	20.60	1.40	100.00

Chart showing the ratings on parameters of IR of the respondents based on their grade of employment

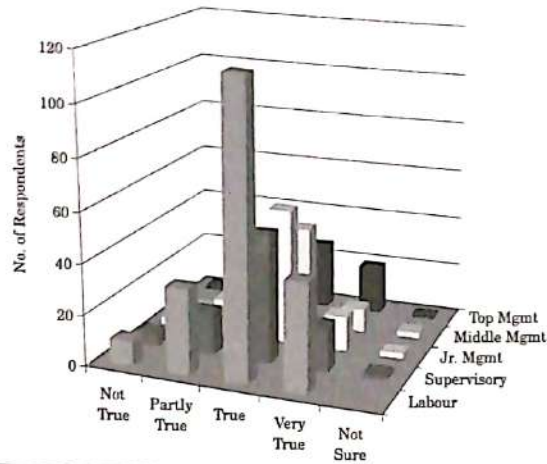


(5). The analysis of data relating to the Scale of Employment of the respondents and their ratings over the parameters of Industrial Relations is as follows: The respondents are classified into different categories based on their job category known as Scale of Employment. These scales are : Labour, Supervisory, Junior Management, Middle Management and Top Management. The ratings on the parameters of industrial relations by these different cadred employee respondents are measured on a 5-point scale and the results are summarized in the following table and the associated graph:

Scale of Employment		Avg. Ranking on IR parameters					Total
		Not True	Partly True	True	Very True	Not Sure	
Labour	No. of Respondents	10	34	116	43	0	203
	% within emp_scale	4.93	16.75	57.14	21.18	0	100.00
	% within IR_AVGSC	50.00	40.96	40.42	41.75	0	40.60
	% of Total	2.00	6.80	23.20	8.60	0	40.60
Supervisory	No. of Respondents	5	17	51	18	2	93
	% within emp_scale	5.38	18.28	54.84	19.35	2.15	100.00
	% within IR_AVGSC	25.00	20.48	17.77	17.48	28.57	18.60
	% of Total	1.00	3.40	10.20	3.60	0.40	18.60
Junior Mgmt	No. of Respondents	3	14	54	14	2	87
	% within emp_scale	3.45	16.09	62.07	16.09	2.30	100.00
	% within IR_AVGSC	15.00	16.87	18.82	13.59	28.57	17.40
	% of Total	0.60	2.80	10.80	2.80	0.40	17.40
Middle Mgmt	No. of Respondents	0	12	40	9	2	63
	% within emp_scale	0	19.05	63.49	14.29	3.17	100.00
	% within IR_AVGSC	0	14.46	13.94	8.74	28.57	12.60
	% of Total	0	2.40	8.00	1.80	0.40	12.60
Top Mgmt	No. of Respondents	2	6	26	19	1	54
	% within emp_scale	3.70	11.11	48.15	35.19	1.85	100.00
	% within IR_AVGSC	10.00	7.23	9.06	18.45	14.29	10.80
	% of Total	0.40	1.20	5.20	3.80	0.20	10.80
Total	No. of Respondents	20	83	287	103	7	500
	% within emp_scale	4.00	16.60	57.40	20.60	1.40	100.00
	% within IR_AVGSC	100.00	100.00	100.00	100.00	100.00	100.00
	% of Total	4.00	16.60	57.40	20.60	1.40	100.00

The respondents are classified into different categories based on their job category known as Scale of Employment.

Chart showing the opinion of the respondents on the parameters of IR based on their scale of employment

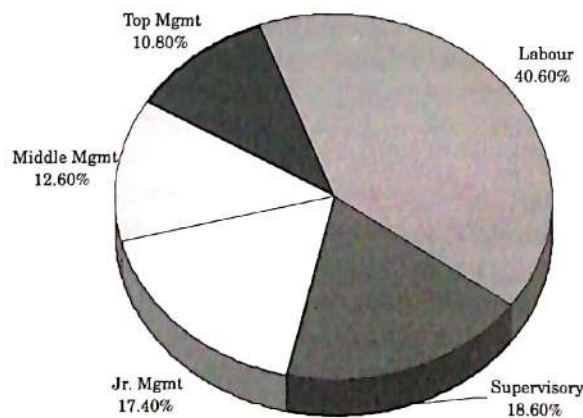


Following are the additional findings from the analysis of the data presented in the table and the graph:

- A large number of respondents based on their scale of employment is in the cadre of Labour.
- The cadre wise break up is as follows:

Scale of Employment/Cadre	No. of respondents	% to Total respondents
Labour	203	40.6
Supervisory	93	18.6
Jr. Mgmt	87	17.4
Middle Mgmt	63	12.6
Top Mgmt	54	10.8
Total	500	100.0

Pie Chart showing the number of respondents based on their scale of employment



Inference: The following conclusions / inferences are drawn based on the above findings:

- There are large numbers of employee respondents in all the cadres who are firm in their opinion on the parameters of the industrial relations.
- There are large numbers of employee respondents in the labour cadre and they are more vocal in expressing their opinions either positively or negatively. A few of them are in a state of dilemma.
- Some respondents in the other cadres (even at the top levels of management) are not sure of expressing their opinion on either side of the scale.
- It is evident from the data that the respondents' ratings are based on the scale of employment / cadre of employment. The ratings appear to be more dominant in the lower cadres of employment and they become thinner and thinner as the employees move up in the hierarchy.

CONCLUSION:

From the data analysis presented in the above paragraphs, the conclusion is drawn that the demographics of the respondents like the age, gender, educational qualification, scale of employment and grade of employment have significant influences on the parameters of industrial relations in any organisation. More specifically,

factors like age, gender, educational qualification, scale of employment and grade of employment are the significant factors which influence the parameters of industrial relations in an organisation.

References:

1. Rudra Basavaraj M.N., "Dynamics of Personnel Administration", (1979), Himalaya Publishing House, Bombay.
 2. Prasad L., "Personnel Management and Industrial Relations in Public Sector", (1973), Progressive Corporation, Bombay.
 3. Kapoor T.N., "Personnel Management and Industrial Relations in India", (1968), Publishers N.M. Tripathi Pvt. Ltd., Bombay.
 4. Ling, Cyril Curtis, "The Management of Personnel Relations: History and Organisation", (1965), Publishers Richard D. Irwin, Homewood.
 5. Chhabra, T.N. Ahuja, N.K. and Jain S.P., "Managing People at Work", (1977), Dhanpat Rai and Sons, New Delhi.
- Meg Issac Sternberg,
"Organisational Model of Human Resource Planning"
(1984) Baltimore

ANALYSIS OF ETHICAL ATTITUDES OF MANAGERS IN SELECTED INFORMATION TECHNOLOGY COMPANIES AT CHENNAI

Dr.V.RAMANUJAM*

ABSTRACT: *The backbone of the market relationships is ethics. Without ethical foundations, market economy becomes not only inhuman but also incapable. Market culture and business ethics greatly increase the effectiveness of the economic system providing desirable rhythm and balance between benefit and cost, good and bad, and welfare and harm by subduing the elements of market passions, i.e. thirst for money and power.*

Theories of ethics

Many theoretical approaches to define ethics are evolved. They are: virtue theory, utilitarian theory, justice theory, rights theory, and so on. The outcome is that there are a number of principles as given under to guide human behavior and decision-making.

- The Utilitarian Ethic: the greatest good for the greatest number. Determine whether the harm in an action is out weighted by the good. If the action maximizes benefit, it is the optimum course to take among alternatives that provide less benefit.
 - The Golden Rule: Do unto others as you would have them do unto you. It includes not knowingly doing harm to others.
 - The Hedonistic Ethic: Virtue is embodied in what each individual finds meaningful. There are no universal or absolute moral principles. If it feels good, do it.
 - The Intuition Ethic: People are endowed with a kind of moral sense
- recourse to falsehood and to take advantage of all legal opportunities and widespread practices and customs.
- The Professional Ethic: You should do only that which can be explained before a committee of your peers
 - The Disclosure Rule: If the full glare of examination by associates, friends, family, newspapers, television, etc. were to focus on your decision, would you remain comfortable with it? If you think you would, it probably is the right decision.

Key Words: *Ethics, Information Technology, Chennai*

*Assistant Professor, drvramanujam07@gmail.com, Bharathiar School of Management and Entrepreneur Development, Bharathiar University, Coimbatore, Tamil Nadu - 46, Email.drvramanujam07@gmail.com

with which they can apprehend right and wrong. The solution to moral problems lies simply in what you feel or understand to be right in a given situation. You have a "gut feeling" and "fly by the seat of your pants."

- **The market Ethic:** Selfish actions in the marketplace are virtuous because they contribute to efficient operation of the economy. Decision makers may take selfish actions and be motivated by personal gain in their business dealings. They should ask whether their actions in the market further financial self-interest. If so, the actions are ethical.
- **The Means - Ends Ethic:** Worthwhile ends justify efficient means - i.e. when ends are of overriding importance or virtue, unscrupulous means may be employed to reach them.
- **The Might-Equals-Right Ethic:** Justice is defined as the interest of the stronger. What is ethical is what an individual has the strength and power to accomplish. Seize what advantage you are strong enough to take without respect to ordinary social conventions and laws.
- **The Organization Ethic:** The wills and needs of individuals should be subordinated to the greater good of the organization (be it church, state, business, military, or university). An individual should ask whether actions are consistent with organizational goals and what is good for the organization.

- **The Proportionality Principle:** I am responsible for whatever I "will" as a means or an end. If both the means and the end are good in themselves, I may ethically permit or risk the foreseen but unwilled side effects if, and only if, I have proportionate reason for doing so.

- **Types of Unethical Practices:**

Unethicality itself can be classified into two broad categories:

1. **Monetary unethicality:** Dumping, Price fixing, Bid rigging, Embezzlement and Expense account padding.
2. **Behavioral unethicality:** Corporate espionage or leakage of sensitive information to business rivals, discrimination and harassment.

WHAT DO THE DIFFERENT SURVEYS SAY ABOUT THE MISDEEDS?

Here is a sampling that respondents admitted to: cut corners on quality control (16 percent); covered up incidents (14 percent); abused or lied about sick days (11 percent); lied to or deceived customers (9 percent); put inappropriate pressure on others (7 percent); falsified numbers or reports (6 percent); lied to or deceived superiors on serious matters (5 percent); withheld important information (5 percent); misused or stole company property (4 percent); took credit for someone's work or idea (4 percent); and engaged in copyright or software infringement (3 percent).

An individual should ask whether actions are consistent with organizational goals and what is good for the organization.

Indian corporations are not way behind in corruption. There are several scams and misappropriations.

Cheating, for instance, is common occurrence in education. A range of studies shows that anywhere from 75 percent to 98 percent of students admit to having cheated in high school. And a survey of college students by U.S. News and World Report showed some ethically alarming results: 90 percent believe cheaters never pay the price; 90 percent say when they see someone cheating, they don't turn the person in; 84 percent believe they need to cheat to get ahead in the world today; and 63 percent say it's fair for parents to help with their kids' homework. It's not surprising that organizations have difficulty upholding high ethical standards when their future employees—these students—so readily accept unethical behavior. Indian executives seem to be getting their hands dirty in all kinds of murky activities, with 50% of Indian companies experiencing corporate fraud. (KPMG Survey)

1. Manipulation of expense accounts is the numerous no frauds as far as rupee losses of Indian corporate are concerned. Around 37% of the respondents in KPMG's Fraud Survey 2002 felt that fudging in expense accounts is the commonest executive fraud.
2. Secret commissions and kickbacks are a close second in the list of corporate black deeds, with 30% of survey respondents reporting it.
3. Forged documents come in next.
4. Misappropriation/diversion of funds also figure in a big way in India Inc.'s corporate frauds list.

Unethical practices in India

Indian corporations are not way behind in corruption. There are several scams and misappropriations.

1. Anubhav plantations scam reveals how the group defrauded the investors and the regulatory authorities with ease.
2. Indian Hotels - Ajit Kerkar, the former Chairman and Managing Director faced various allegations of FERA Violations, which led to his down fall.
3. JVG Scandal - JVG group of companies defrauded its investors and garnered resources through illegal approaches. The funds were deployed violating all right methods.
4. Tata Tea funding of militants belonging to ULFA organization raised debate on 'militant-funding vs protection payment'.
5. The Bhopal Gas Tragedy -On December 3, 1984, poisonous gas leaked from Union Carbide India Ltd's pesticide plant in Bhopal, and killed thousands of people.

Making an Ethical Organization

Theodore Parcell and James Weber suggested three ways for applying and integrating ethical concepts into daily action. They include (i) establishing appropriate company policy or a code of ethics, (ii) using a formally appointed ethics committee, and (iii) teaching ethics in management development programs. Thus it is the top management which has to take

initiative to establish ethical organization.

Research questions

What values do managers hold? What ethical principles do they prefer? What are their views on business ethics? What factors in their view affect ethical behaviors of organizations? What in their view constitutes ethical behavior? What kinds of initiatives have their organizations taken to make themselves ethical? What can be done further to improve ethical side of the organizations?

Objectives of the study

The present study is undertaken with the following objectives

1. To describe what organizations are doing to make their organizations ethical
2. To find the values and ethical principles preferred by managers and their understanding of ethical behaviors
3. To find out importance of business ethics and factors influencing business ethics in India
4. To know the initiatives taken by organizations to ensure ethical behavior of employees
5. To suggest measures to improve ethical behaviors of employees.

Scope of the study

The study covers two aspects: (a) organization practices to ensure ethical decision making and behavior and (b) ethical attitude of managers in respect of their values, principles and

considerations of ethical behavior, goals of organization and place of ethics, and organizational practices to ensure ethical behaviors.

Sampling

A sample of 120 managers is obtained employing convenience method. It is proposed to have a minimum sample of 100 managers and about 225 questionnaires were distributed in about 20 IT companies. The researcher personally visited these companies in Chennai and sought co-operation. Some expressed inability to fill in while some others felt it is not a right topic for research as no one would be open in this aspect. Some others asked for time and promised to mail back the filled in responses but many did not keep their word. As such, persuasion and reminding have become necessary. However, with the help of project students of the university in which the researcher is employed 148 questionnaires were collected. Of them only 120 were found usable.

ANALYSIS OF ETHICAL ATTITUDES OF MANAGERS

In this study, an attempt is made to present the attitudes of managers belonging to different companies. They are inquired about how they perceive ethics and what kind of arrangements their organizations have made to ensure ethical behavior in the organization

PROFILE OF THE RESPONDENTS

The following table 1 shows that the classification of the profile by the respondents.

In this study, an attempt is made to present the attitudes of managers belonging to different companies.

Table 1
Profile of the respondents (N=120)

Sl. No	Particulars	Number of respondents	Percentage
1.	Level of hierarchy		
	Middle	45	37.5
	Lower	75	62.5
2	Experience		
	Up to 5 years	21	17.5
	6 to 10 years	35	29.2
	11 to 15 years	38	31.7
	Above 15 years	26	21.6
3	Sex		
	Male	88	73.3
	Female	32	26.7
4	Marital status		
	Single	18	15.0
	Married	102	85.0
5	Education		
	Graduate	31	25.8
	Post graduate	89	74.2

Table.1 shows that about 62.5 %of the respondents belong to lower manager level. Most of them have more than 5 years of experience. About 74% of them are male and 85% of them are married. About 74% of them are post- graduates.

VALUES AND PRINCIPLES OF MANAGERS:

The following table 2 shows the values and principles of managers, which they consider in varying degrees of importance.

Table 2
Values of Respondent Managers (N=120)

S. No	Value	Mean Rank*
1	Self-actualization	4.3
2	Gratitude	4.7
3	Purity of mind	6.6
4	Rest/leisure	2.1
5	Purity of motive	6.8
6	Modesty	4.3
7	Personal relationship	6.7
8	Status	5.5
9	Compassion	5.9
10	Love	6.6
11	Equanimity	4.1
12	Absence of hatred	5.3
13	Liberation	4.8
14	Wealth (Money)	3.8
15	Forgiveness	4.9
16	Code of life	6.2
17	Benevolence	5.8
18	Power	4.7
19	Caste	1.1
20	Loyalty	5.4
21	Aggressiveness	4.2
22	Dependence	3.3
23	Non Violence (Ahimsa)	3.9
24	Truth	4.8
25	Cosmic causation	1.9

Table 2 shows the values of managers, which they consider in varying degrees of importance follows are Personal relationship (6.7), Love (6.6), Purity of mind (6.6), code of life (6.2), compassion (5.9), benevolence (5.8), status (5.5), loyalty (5.4), absence of hatred (5.3) and forgiveness (4.9). Differences indicate that the perceptions on values vary and it is really difficult to uphold a set of universal values. The common theme, is of course, good behavior and it is to be appreciated by the organizations and utilized to get good behavior from their managers. Also, it is indicating that when evolving code of conduct there is need for discussion to evolve consensus on values.

PRINCIPLES OF BEHAVIOR OF MANAGERS

The Table 3 shows that stated the principles of behaviours of managers by the respondents in the study area.

Table 3
Principles of Behavior of Managers (N=120)

S. No	Principle	Mean *	Standard Deviation
1	I act in a way I get pleasure for myself	2.2	1.01
2	I act following the golden rules like being honest and truthful	4.8	1.62
3	I believe might is right. I use political and other forces for things to happen in my favour.	0.00	0.00
4	I act in a way benefits go to many and harm is done to less number of people.	6.3	1.03
5	I consider means can be bad, but ends should be good.	3.0	1.32
6	I follow carefully the standards of my profession or job.	7.0	0.00
7	I act in such a way that justice is done to affected people.	7.0	0.00

*Scale: 5-Very important 1-Very less important

According to Table 3, the respondent managers have stated that they are always following the principles of profession or job (7.0) and act in such a way that justice is done to affected people (7.0) They are also in agreement with the utilitarian principle-“I act in a way benefits go to many and harm is done to less number of people (6.3).”From this, it is evident that professional ethics is the guiding philosophy of managers along with the utilitarian theory. This is in variance to the hypothesis slightly, indicating how ethical decision-making has influences from more than one source.

IMPORTANCE OF BUSINESS ETHICS:

An estimated 95 percent of Fortune 500 corporations as well as many smaller companies have now adopted ethics statements or codes of conduct (Tuyteja, 1996).The question of ethic, appears to be in conflict with short term profitable operations, which are considered more important in the competitive environment. How do the respondent managers view this aspect?

An estimated 95 percent of Fortune 500 corporations as well as many smaller companies have now adopted ethics statements or codes of conduct.

Table 4
Goals of the Organization (N=120)

S. No	Goal	Mean*	Standard Deviation
1	Profits	4.2	1.01
2	Consumer satisfaction	4.5	1.09
3	Ethical practices	4.5	1.02
4	Social responsibilities	4.3	1.06

*Scale: 5-Very important 1-Very less important.

Table 4 gives the priorities of managers in respect of business goals. The findings are one way inconclusive. All the goals –profits, consumer satisfaction, social responsibilities and ethical practices are given equal importance.

Table 5
Views of respondent managers (N=120)

Sl. No	Views	Mean*	Standard Deviation
1	Being ethical and being profitable do not go hand in hand	1.22	1.09
2	When given importance to the Social responsibility you may have to sacrifice a percentage of your profits.	2.30	1.90
3	Some times in order to achieve desired targets one needs to be unethical	3.43	1.65
4	Emphasis on ethics should be more in personal than in professional life	1.09	0.98
5	Where there are different practices one cannot have strict ethical standards	2.66	1.18
6	In business, it is difficult to make ethically sound decision because of the high degree of competitive pressure	4.16	1.91
7	If paying bribe is a normal practice in a country, I can not go by ethical norms	3.98	0.87
8	Paying bribe to get a license from a government office is not an ethical issue	1.03	1.09

*Scale: 5-Strongly agree 1- Strongly disagree

Table 5 shows the responses which help us to analyze the place ethics has in the mind of the decision makers. The views, which managers have agreed are: "In business, it is difficult to make ethically sound decision because of the high degree of competitive pressure (4.16)." "Sometimes in order to achieve desired targets one needs to be unethical (3.43)" and "If paying bribe is a normal practice in a country, I cannot go by ethical norms (3.98)". From this, it is evident that respondent managers are of the view that ethics and profits are in contradiction, to some extent, because of competitive pressure. This finding is negating the hypothesis proposed.

FACTORS INFLUENCING BUSINESS ETHICS

Table 6 shows that the following factors are influencing ethical decisions and practices.

Table 6
Factors responsible for unethical practices in India (N=120)

S. No	Factor	Number of respondents	Percentage
1	Globalization	87	72.5
2	Competitive pressures	120	100.0
3	Desire to make large profits	54	48.0
4	Unethical practices are common in the country	100	83.3
5	Law is less powerful	66	55.0
6	Legal proceedings against unethical are slow	101	84.1
7	Moral values are not imbibed properly	29	24.1

Table 6 shows that the following factors are influencing ethical decisions and practices like Competitive pressures (100.0), Globalization (72.5), Legal proceedings against unethical are slow (84.1), Unethical practices are common in the country (83.3) and Law is less powerful (55.0)

ACCEPTABLE UNETHICAL BEHAVIORS:

The following table 7 shows that opinion about the acceptability of unethical behaviours by the respondents.

Table 7
Acceptability of behavior in Jobs (N=120)

S. No	Action	Mean Rank*	Standard Deviation
1	Calling in sick when some personal time (e.g. play golf or take in a movie) is needed	3.2	1.78
2	Using a company telephone, fax, or computer for personal business	3.1	1.90
3	Making personal copies on a company copy machine	3.9	1.02
4	Using a company car to make a personal trip	6.2	1.23
5	Charging wine and cocktails as well as food on a company business trip	3.9	1.77
6	Taking a relative along on a company business trip at the company's expense	6.2	1.46
7	On a company business trip, charging large amount for taxi to your expense account when actually walked or taken a public transport	3.1	1.84
8	Taking home a few supplies stationery, gifts and compliments	4.7	1.33

Table 7 shows that the following behaviors are acceptable to the respondents like Using a company car to make a personal trip (6.2), Taking a relative along on a company business trip at the company's expense (6.2), Taking home a few supplies stationery, gifts and compliments (4.7), Making personal copies on a company copy machine (3.9) Charging wine and cocktails as well as food on a company business trip (3.9)

INITIATIVES TAKEN BY ORGANIZATIONS

The following table 8 shows what kind of initiatives the organizations of the respondents have taken:

Table 8
Opinion about Steps taken by organization to ensure ethical behaviors (N=120)

S. No	Measure	No of respondents	Percent - age
1	Our organization has an ethical code of conduct for employees	120	100.0
2	Our organization encourages leadership with principles	20	16.7
3	Our organization has an Ethics Committee to check unethical behaviors	10	8.33
4	In our organization we have ethical policies to guide managers in making decisions	96	80.0
5	Our organization encourages employees to report unethical practices they have observed	102	85.0
6	In our organization people are rewarded for good ethical conduct	21	17.5
7	Our performance appraisal has items relating to ethical behaviors	10	8.33
8	In our organization ethical values are communicated through slogans like 'Honesty is best policy'	108	90.0
9	In our organization, we undergo ethics training	8	6.7

Table 8 shows that organizations are giving importance, ethical issues are given recognition and attention and ethical issues are discussed in meetings. Further, the following steps are taken to ensure ethical behaviors in the organization like Our organization has an ethical code of conduct for employees (100.0), In our organization ethical values are communicated through slogans like 'Honesty is best policy' (90.0), Our organization encourages employees to report unethical practices they have observed (85.0) In our organization we have ethical policies to guide managers in making decisions (80.0)

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

It is proposed to present the conclusions of the study and also identify some measures that companies may consider to make their organizations more effective.

FINDINGS OF THE STUDY

The important findings are:

1. **Values:** The first 10 important values are: Personal relationship (6.7), Love (6.6), Purity of mind (6.6), code of life (6.2), compassion (5.9), benevolence (5.8), status (5.5), loyalty (5.4), absence of hatred (5.3) and forgiveness (4.9).
2. **Principles:** Respondent managers have stated that they are always following the principles of profession or job (7.0) and act in such a way that justice is done to affected people (7.0) they are also in agreement with the utilitarian principle
3. **Goals:** All the goals – profits, consumer satisfaction, social responsibilities and ethical practices are given equal importance. The views of managers 'it is difficult to make ethically sound decision because of the high degree of competitive pressure and the like Indicate preference to profits over and above ethics
4. **Factors influencing ethics:** The major factors discouraging ethical decisions are: competitive pressures (100.0) followed by globalization (72.5), legal proceedings against unethical are slow (84.1), unethical practices are common in the country (83.3) and law is less powerful (55.0)

5. **Acceptable unethical behaviours:** Some of the violations at work place like "using a company car to make a personal trip (6.2); taking a relative along on a company business trip at the company's expense (6.2); taking home a few supplies stationary, gifts and compliments (4.7); making personal copies on a company copy machine (3.9) and charging wine and cocktails as well as food on a company business trip (3.9)' are acceptable to the respondent managers.

6. **Practices of organizations:** The practices of organizations are: ethical code of conduct for employees (100.0); Communication of ethical values (90.0); encouragement to employees to report unethical practices they have observed (85.0) and ethical policies to guide managers in making decisions (80.0).

SUGGESTIONS

The following actions have been suggested for integrating ethical decision making into the day-to-day life of an organization

Top management initiatives

1. Top managers must demonstrate their commitment to ethical behaviors and decisions to other managers and employees
2. Identify ethical attitudes crucial for the organization's operations. For example, a security firm might stress honesty, whereas a drug manufacturer may identify responsibility as most important to ensure product quality. After identifying important ethical attitudes, training programs can focus on developing such attitudes among employees.

The organizational priorities and efforts related to ethical issues need to be publicized.

3. The organizational priorities and efforts related to ethical issues need to be publicized.
4. Select employees with desired attitudes. The organization might develop and use standard interview questions that assess an applicant's ethical values.
5. Employees should be involved in the identification of ethical problems to achieve a share understanding and resolution of them.
6. Incorporate ethics in the performance evaluation process. Criteria that individuals are evaluated on will have an important influence on work-related attitudes that they develop. Organizations should make ethical concerns part of the job description and evaluation.
7. A whistle-blowing and/or ethical concerns procedure should be established and followed.
8. Establish a work culture that reinforces ethical attitudes. Managers and organizations can take culture that reinforces ethical attitudes. This culture, in turn, has a major influence on ethical behavior in the organization.

CONCLUSION

The Indian culture is borne by ethical values and so did the business in earlier days. The Indian business giants managed their business along with the traditional ethics being followed from time immemorial and thus the Indian business had an inbuilt ethical value. After globalization the face of Indian business has taken a new dimension at the global and domestic level. major

global players eye India as a potential market for business expansion and major Indian companies do perform admirably well amidst strong competition. Though the face has changed in 21st century, Indian IT companies like TCS, INFOSYS sustain the ethical bound business.

It can be concluded that organizations are considering ethics as an important variable in decision-making. Structural and functional measures are also taken. However, the managers are not so sure that ethics can be a guiding principle in competitive situations. Steps are necessary to infuse confidence in ethical behavior.

BIBLIOGRAPHY

- R C Sekhar, Whither Business Ethics Teaching in India, IIMB Management Review, Vol.4 No. 4, December 2002, pp 54-60
- C Manohar Reddy, Approaches to the Teaching of Ethics in conversation with S K Chakraborty and R C Sekhar IIMB Management Review, Vol.4 No. 4, December 2002
- Fr K Cyriac, Teaching Ethics: The Under Pinnings, IIMB Management Review, Vol.4 No. 4, December 2002, pp. 73-75
- Krishnan R T and Mandhar Reddy., How Indian Students See Ethics and Society A Survey, IIMB Management Review, Vol.4 No. 4, December 2002, pp 76-83
- Manuel G Velasquez, Business Ethics, Pearson Education .Inc, Delhi, 2002
- Peter Prately, Business Ethics, Prentice Hall of India (P) Ltd, New Delhi, 2003.

It can be concluded that organizations are considering ethics as an important variable in decision-making.

WHAT APMCs CAN DO TO MOTIVATE FARMERS OF KARNATAKA TO MARKET THEIR AGRICULTURAL PRODUCE AT APMC YARDS. – AN EMPIRICAL STUDY

R.G. Patil,*

R.L. Nandeshwar.**

Abstract: *If Karnataka has to be one amongst developed and upcoming states in India and the world, it has to develop a sense of strong commitment and self reliance towards farmers. The most important sector which needs to be addressed is "Agriculture and the farmers". 30 million people in Karnataka are depending on Agricultural and Agriculture related activities. There are about 30 districts and around 29,000 villages in Karnataka. Many of them do not have the basic infrastructural facilities like all weather roads, regular electricity, potable water, health care and basic education. On the other side the incoming Governments have been promising one or the other incentive to the farmers to ensure their living conditions would improve, but the situation at present is otherwise.*

There are about 146 APMCs in Karnataka. Agriculture Produce marketing committee (APMC) was established in Karnataka during 1966 to ensure farmers market their produce in a better place at a reasonable price and quality. Good numbers of amendments were made. The recent amendment in 2007 created a big havoc amongst traders, farmers & general public; the reason being, APMC Act created a state monopoly in the minds of stakeholders.

The researcher has found most of the APMCs in Karnataka lack basic Infrastructure facilities like easy accessibility, better storage conditions, sorting and grading facilities, Quality control system, management of waste etc.. The farmers do not get a fair price for their products with the middlemen taking the farmers for a eride! Unmanned labor, too many Unions, each one speaking for their own set of people creating chaos in APMC yards. Last, but not the least, Government support for better living conditions in and around APMC yards for all the stakeholders including General Public remains an unanswered question.

In the present circumstances, it is highly advisable that APMCs revamp and revisit their policies in line with economic requirements and try to move in line with the stakeholders. Otherwise, they have to shut their shops and allow the proven ones to take the lead role. Infrastructure is the key for the success of APMC.

Keywords: *APMC, Farmers, Traders, Policy Makers, Commission agents Stake Holders, APMC A C T - 1 9 6 6 , Infrastructure, Market Yards.*

1. Introduction

If India has to be the forerunner it needs to compete with the developing and developed countries in the present scenario of globalization. This will not only make India strong and self reliant but also Independent in taking

productive decisions which will make India the numero UNO destination. This has been true in the case of Information Technology sector, but agriculture has remained at the back. Hence the most important sector that needs to be emphasized and focused upon is Agriculture. More than 70% of

*Director, BIET-MBA Programme, Bapuji B-Schools, Davangere – 577 004, r_g_patilms@yahoo.com Mobile: 9448484257

**Director, Bapuji Management Research Centre, Davangere – 577 004, dr_rln@rediffmail.com Mobile: 9449853272

the population, to be more precise 700 million, is depending solely on Agriculture and Agriculture related activities in India.

Karnataka is one of the most upcoming states in India. It has the greatest advantage as hub of the IT sectors and the city Bangalore is synonymous with the software Industry throughout the world. In the last 10 -12 years there has been tremendous improvement in the living standards of millions of people in Karnataka. However, more than 50% people in Karnataka still live below the poverty line. The reasons are plenty. They depend on Agriculture and Agriculture related activities and the rain gods have their own ways of blessing the farmers in Karnataka with scanty rains, no rains, or heavy rains--! The situation was unimaginable in 2009 when crops, cattle and even human lives were lost due to heavy rains and floods.

Agriculture Produce Marketing Committee (APMC) was established in 1966 to facilitate and encourage farmers to sell their Agriculture produce at the right price. At a later date APMC underwent several amendments and the recent amendment in 2007 gave rise to severe opposition from all the quarters in Karnataka (Farmers, Traders & public), as APMC created a state monopoly.

Focus of the policy should have been on livelihood and welfare of the population, not necessarily the corporate. A special and differential treatment needs to be given to farmers. This has to be incorporated in national, economic, trade policy to support small and marginal farmers. There must be legitimate support from the population

and public at large for any policy change. Any policy that needs to be implemented should take care of all the stakeholders in Karnataka. This should be borne in mind by the Government for any policy matter.

An attempt has been made through research what strategic options APMCs can have, which would enable farmers, traders and Public to be benefited. Also what are the advantages one would derive by, selling the goods by the farmers in APMC yards? What are the various motivational options APMC can adopt to ensure farmers bring their Agriculture produce at APMC yards and utilize APMC as one of the favourite



marketplaces amongst other options.

Figure 1 - Village house in Karnataka.

2. Statement of the problem

The incoming Governments in Karnataka and various regulations coming into effect now and then have affected the farmers, Public and end users very badly particularly the Agriculture products....., whether it is Kharif crops, cash crops or Commercial crops, grains, pulses, vegetables, cooking oils or the Agriculture inputs in the form of seeds, fertilizers, equipments, Water, Electricity- etc.. The activities in Rural Marketing have

An attempt has been made through research what strategic options APMCs can have, which would enable farmers, traders and Public to be benefited.

The activities in Rural Marketing have become highly dynamic in the changing scenario. Every marketer is trying all possible tricks/strategies to meet the demands and expectations of the rural customer... the farmer.

become highly dynamic in the changing scenario. Every marketer is trying all possible tricks/strategies to meet the demands and expectations of the rural customer... the farmer. However, the question mark still remains... "How well the rural customer--- farmer can be served?" Hence, the present study looks at what APMCs can do to motivate farmers of Karnataka to market their Agriculture. Produce at APMC yards"

3. Review of Literature

Mr. Gokul Patnaik, in his report, "State Level Marketing Reforms", Global Agriculture system emphasized on the following

- Need for marketing reforms,
- Create suitable environment for trading activities.
- Amend APMC Act in line with need of the hour.
- Check on interstate barriers to trade.
- Direct marketing.
- Public Private Participation.

Various articles, papers on Rural Marketing, APMCs, Farmers of Karnataka, Agriculture situation in Karnataka,... etc., which were presented at National, and International Conferences, The Government of Karnataka Gazette notification on APMC Act, the Government Rules & amendments on APMC were reviewed.

Apart from this various Web sites

like,

www.wto.org,
www.eximbank.in,
www.commerce.nic.in
www.usda.gov/features/fambill,
<http://maratvahini.kar.nic.in>.
...etc., have also been accessed.

4. Objectives -

- To understand the importance of APMCs in rural Karnataka.
- To study and understand How APMC can be better when compared to Private Players in Karnataka.
- To identify the ways and means of meeting the expectations of the farmers.
- To identify the various strategic avenues available to APMC to motivate farmers to sell their Agriculture produce in APMC Yards.

5. Scope of the study -

- The study is confined to the problems faced by the farmers and traders in APMCs of select districts in Karnataka.
- The study is confined to five quadrants of Karnataka comprising three to four Districts and couple of towns in those Districts.
- The data collected for the study is from January 2006 to October 2009.

6. Design of the Study

Type- Descriptive Research.

Purpose- To find What APMC can do to motivate farmers to sell their Agriculture produce in APMC yards.

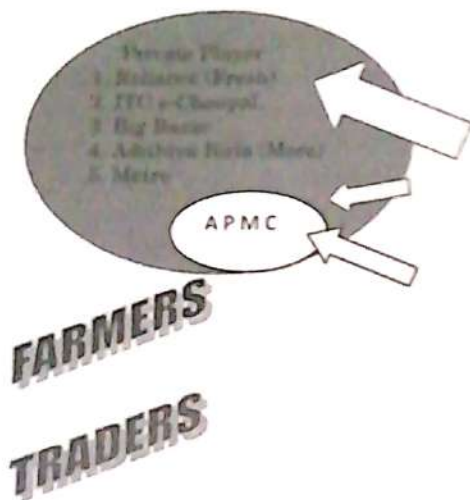


Figure 2 - Various marketplaces for farmers

7. Environment- Consists of farmers, traders, APMC yards and other private places like Reliance fresh, ITC e-choupal, Big Bazar, Metro, More...etc

Sampling Design.. 5 Quadrants (Eight APMCs in each Quadrant) Total - 40 APMCs, Sampling Method - Convenience Sampling. Sample includes 100 Policy Makers, 200 Traders & 400 Farmers, in the ratio of 1:2:4.

Sampling Plan - Data collection & information gathering from Policy Makers, Traders & Farmers in select APMCs in Karnataka.

Summated Rating Scale- designed by Likert has been employed to understand responses.

8. Data Collection and Analysis of Data

The Researcher collected Primary Data through Structured Questionnaire, administered to the Farmers, Traders and Policy Makers of select APMCs in Karnataka state. The Secondary Data has been gathered from Books, Journals, Articles, Magazines, Websites --- etc.,

Qualitative analysis is carried out through Charts and Graphs - SPSS & Excel packages have been used as tools.

9. Limitations of the study:

The study is based on 'opinion survey' of Farmers, Traders & Policy makers; hence difference in opinion from individual to individuals, and group to groups.

- The study is restricted to select APMCs in Karnataka state. Since the sample is drawn from select APMCs, it may not represent the entire population.
- Field study is from Jan 2006 to Oct 2009. It may not contain some data pertaining to the period earlier to Jan 2006 or later than Oct. 09.
- The period of study may be insufficient to draw any conclusion on the present or future of APMCs.
- Since the respondents were Farmers, Traders & Policy makers, there are chances of bias or wrong interpretation in understanding the questions and thus the responses. Lack of understanding the Government Regulations & Policies with specific reference to APMC Act by the Policy Makers might have resulted in wrong interpretation.
- Suggestions made are applicable only to APMCs of Karnataka and not the whole of India.
- Strategic options drawn are based on research undertaken and the prevailing situation in Karnataka and are the sole ideas of Researcher only.

Lack of understanding the Government Regulations & Policies with specific reference to APMC Act by the Policy Makers might have resulted in wrong interpretation.

10. Summary of findings:

Researcher comes out with the following findings.

10.1 Farmers are in the age group of 31 to 45 years, Predominantly male, owning three acres of land and above.

10.2 Traders are in the age group of 31 years & above. They have more than ten years of experience with an annual turnover of Rs. 20 Lakhs and above.

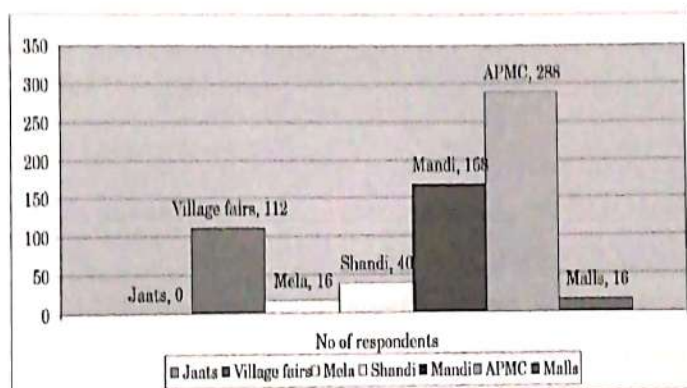
10.3 Majority of the Policy makers are found to be post Graduates, having an experience of more than Five years. They are in middle level management serving APMCs.

10.4 The Researcher found that APMCs lack basic infrastructural facilities which are woeful and in some cases pathetic, thus making way for Multinationals and Private Players to have a relook at the opportunities existing in the Rural Markets in Karnataka.

10.5 After analyzing the data qualitatively the researcher found that.....

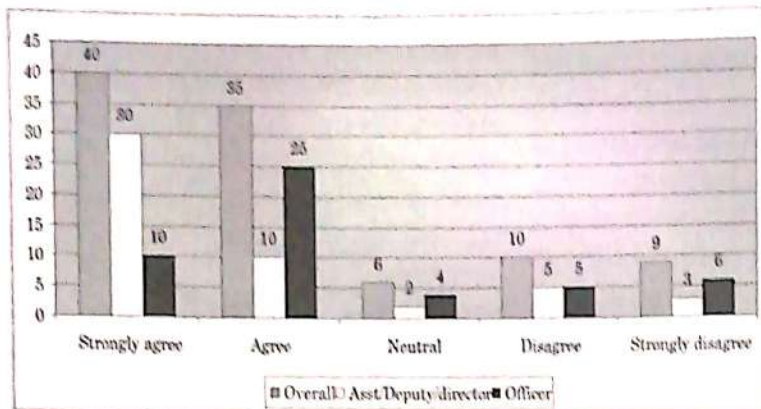
10.5.1 Majority of the farmers are willing to approach APMCs in comparison with other options of markets such as Mandis, Shandis, Jaats, Melas, Fairs, Mallsetc., to sell their Agriculture Produce.

Majority of the farmers are willing to approach APMCs in comparison with other options of markets such as Mandis, Shandis, Jaats, Melas, Fairs, Mallsetc., to sell their Agriculture Produce.



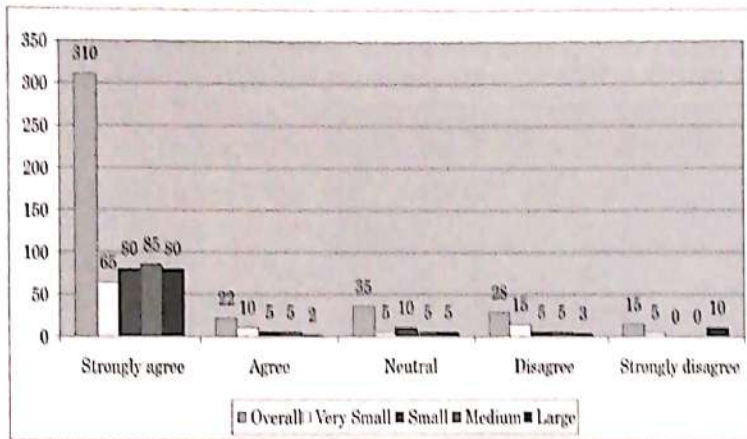
Graph 1 - Choice of different markets by the farmers

10.1.1 Quality prevails in APMCs; Quality Agriculture produce would command the right price. Quality Policy, Quality Control Measures, Grading System, Segregation, Storage facilities need to be revisited by APMCs in order to compete with Private Players.



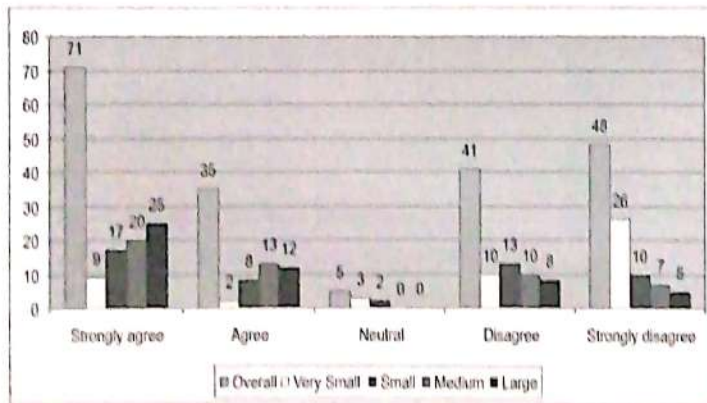
Graph 2 - Quality is the basis for fixing the price.

10.5.3 48% of the Traders opined that the farmers' dealings are reliable; whereas 43% of the traders have opined that farmers do get fair price for their Agriculture produce in APMCs.



Graph 3 - Farmers dealings are efficient

10.5.4 40% of the Policy makers have opined that majority of the farmers approach APMCs to sell their Agriculture Produce.

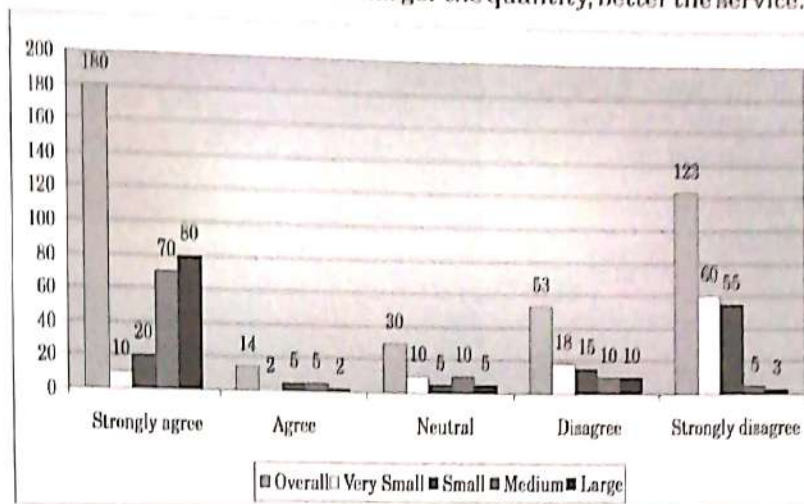


Graph 4- Selling of goods by farmers in APMC is beneficial.

Many of the rich farmers in major Districts have opined that they should be a part of revamping APMCs such as..... creation of all weather roads, Storage facilities, Electronic Data System, e-marketing.....etc.,

10.5.5 Also that 40% of the Policy Makers strongly agree that selling Agriculture Produce in APMC is beneficial to farmers.

10.5.6 It has been found that majority of the respondent farmers have accepted and opined that, in APMC Quantity is the basis for extending service. i.e. Quantity prevails.... Larger the quantity, better the service.



Graph 5 - "Quantity is not the basis for extending service "

10.5.7 Many of the rich farmers in major Districts have opined that they should be a part of revamping APMCs such as..... creation of all weather roads, Storage facilities, Electronic Data System, e-marketingetc., They would be glad to participate in all the constructive activities which would enhance the productivity and profitability APMCs.

10.5.8 Many of the Village Panchayats were also ready to improve and enhance efficiency of APMCs in the neighboring Towns / Districts through motivation of farmers.

11. **S u g g e s t i o n s & Recommendations:** Researcher comes out with the following suggestions and recommendations

11.1 Conduct Training Programs to impart knowledge on Quality concept,, value concept,

gradation, standardization, of Agriculture. produce etc., to farmers. Inculcate the habit of knowing, understanding, sharing, grasping information amongst the farmers.

11.2 Create Information kiosk at APMCs. Farmers need to show interest in understanding the market and customers' requirements.

11.3 Revamp APMC yards, Construct good restrooms and provide recreation facilities for farmers, which are the bare minimum to continue any kind of Marketing activity.

11.4 Ensure Traders follow GTP. Emphasize on right Price for the Right commodity to ensure that the farmer gets fair price for his Agriculture produce.

11.5 The Policy Makers need to take appropriate decision at the right

time.

- 11.6 APMCs can act as a facilitator to bring in all the trading activities wherein the buyers and sellers come together on a common platform for a particular Agriculture produce, Ex: Rice Mandis, Kallekaye Parishe, Mango fair which has been a regular fair in Bangalore.
- 11.7 APMC can advise the farmers on the importance on Contract Farming and the benefits, the small/marginal farmers would derive.
- 11.8 The Researcher recommends Public Private Participation for the success of APMCs in the present scenario.
- 11.9 The Government should amend APMC Act to bring in harmony amongst farmers, traders, policy makers, end users and all the stakeholders, including public at large.

12. Conclusions

- 12.1 The researcher concludes that unless otherwise issues like all weather roads, proper storage facilities for various commodities, proper Agriculture Goods handling and packaging system, Grading System, Quality control system, information gathering and dissemination system for all commodities, Good restrooms for Farmers & Traders, creation of information desk or kiosketc., are addressed, APMCs would land up in miserable position, allowing Private Players to tap the opportunities. Hence APMC yards need to be modernized to remain vibrant and sustain the competition

Figure 3 - Present position of APMC YARD at Belgaum.



Figure 4 - Trader in APMC Yard

- 12.2 The Researcher concludes that, understanding right Agriculture commodity, right Quality and the right Price of any Agriculture Produce can bring in better living conditions for the farmers in Karnataka. Better returns will make the Karnataka farmer rich and self sufficient over a period of time.
- 12.3 The Researcher concludes that there is need for direct marketing wherein farmers meet the needy and end users directly. APMC can create this Platform and act as a facilitator. In this case intermediaries are totally avoided. This will lead to mutual benefits to the farmer and trader.
- 12.4 The Researcher concludes that

APMCs need to move in line with the changing expectations of the customers i.e. farmers; otherwise, they will have to wind up the business and make way for the competent and proved ones the Multinationals or Private Players

PPP (Public Private Participation) would be the key for the success of APMCs in the present competitive scenario.

12.5 The Researcher concludes that APMCs need to move in line with the changing expectations of the customers i.e. farmers; otherwise, they will have to wind up the business and make way for the competent and proved ones the Multinationals or Private Players may be Metro, Wall Mart, Reliance (Fresh), ITC (e-Choupal), Aditya Birla (More), Kishore Biyani's Future Group (Big Bazaar), Vishal Mart etc.

12.6 The Researcher concludes that treating each APMC as a Strategic Business Unit (SBU) can bring in enormous amount of efficiency, and thus accountability on the part of Chairman and Secretary of APMC. In the present scenario the word accountability and responsibility to the stakeholders is totally missing on the part of members of APMC.

REFERENCES

BOOKS

- Acharya. SS, Agarwal. NL, 'Agricultural Marketing in India', Oxford & IBH Publishing Co. Pvt. Ltd., New Delhi, Reprint-2008.
- Anderson, Sweeney, Williams, 'Statistics for Business and Economics', Thomson south western, 9th edition, 1st. Indian reprint-2007.
- Arun Kumar, Meenakshi. N, 'Marketing Management-Comprehensive Text, Best Practice, Corporate Insights', Vikas Publishing House Pvt. Ltd., New Delhi, 1st. edition - 2006.
- Chandra Sekhar Y, 'WTO-Cancun and Beyond', The ICFAI University Press, 1st. edition, 2005.
- Donald Cooper. R, Pamela Schindler. S, 'Business Research Methods', Tata McGraw-Hill Publishing Company Limited, New Delhi, 9th. edition-6th. reprint - 2008
- Gopal VV (editor), 'Tapping Rural Markets - Concepts and Cases', The ICFAI University Press, 1st. edition-2005.
- India 2009 A reference annual, compiled by Research, Reference and Training Division, Publication Division, Ministry of Information and Broadcasting, Government of India, ed 2009.
- Indiresan. PV, 'Vision 2020', The ICFAI University Press, 1st. edition-2003, reprinted-2004.
- Janaradhana Rao. N, (editor), 'Globalization - Issues and Perspectives', The ICFAI University Press, 1st. edition-2005.
- Janaradhana Rao. N, (editor), 'Indian Agriculture - Issue and Perspective', The ICFAI University Press, 1st. edition-2005.
- Mishra. SK, Puri. VK, 'Economics of Development and Planning - Theory and Practice', Himalaya Publishing House, Bangalore, 12th. revised and updated edition-2006.
- Philip Kotler, Kevin Lane Keller, 'Marketing Management', Prentice-Hall of India Pvt. Ltd., New Delhi, 12th edition, Indian Reprint-2006.
- Pradeep Kashyap, Siddhartha Raut, 'The Rural Marketing-Book', Biztantra, 1st. edition, 2006. & revised edition -2008.

- Ruddar Datt, Sundharam. KPM, 'Indian Economy', S.Chand & Company Ltd., New Delhi, 54th edition-2006.
 - Sathpal Puliani, 'The Karnataka Agricultural Produce Marketing (Regulations and Development) Manual', Karnataka Law Journal Publications, Bangalore, 4th. edition-2008.
 - Suresh. K. (editor), 'Rural Marketing – Emerging Opportunities', The ICFAI University Press, 1st. edition-2005.
 - 'Understanding the WTO', Written and Published by the World Trade Organization, Information and Media Relations Division, 3rd edition-2007.
 - Vasanth Desai, 'Rural Development in India-Past, Present and Future, A Challenge in the Crisis', Himalaya Publishing House, Bangalore, 2nd revised edition – 2005.
- ARTICLES,PAPERS, PUBLICATIONS AND REPORTS:
- Gokul Patnaik, Global Agriculture System – 'State Level Marketing Reforms – A status report', (www. Globalagri.com).
 - Anne n e m e r , - 'Global Competitiveness and Innovation', (The New Manager, edited by Kamal Singh, Published by AIMA & Excel Books Pvt., Ltd., 2008).
 - Bhaskar Chakravorti, -'The New Rules for Brining Innovations to Market', (Harvard Business Review, March 2004).
 - Cynitha A Montgomery and Rhonda Kaufman, -'The Board's Missing Link' (Harvard Business Review, March 2003).
 - David Rosenblum, Doug Tomlinson and Larry Scott, - 'Bottom-Feeding for Blockbuster Business, (Harvard Business Review, March 2003).
 - Deepak Halan, -'Rural Marketing is a Different Ballgame', (Tapping Rural Markets – Concepts and Cases, edited by Gopal VV, the ICFAI University Press, 1st. edition –2005).
 - Deepak Kumar, - 'Role of the Banking Sector in Indian Agriculture', (Rural Transformation – Socio-Economic Issues, edited by Harsh Bhargava & Deepak Kumar, the ICFAI University Press, 1st. edition – 2006).
 - Deshpande R S and Prachitha J. "WTO And Agricultural Policy N Karnataka", Research Report: IX/ADRT/119, Agricultural Development and Rural Transformation Unit, Institute for Social and Economic Change, Nagarabhavi, Bangalore-560 072, March 2005
 - Gopal VV, -' Understanding Rural Marketing', (Tapping Rural Markets – Concepts and Cases, edited by Gopal VV, the ICFAI University Press, 1st. edition – 2005).
 - Harish Bijoor, -'For a Brand New Rural India', (Tapping Rural Markets – Concepts and Cases, edited by Gopal VV, the ICFAI University Press, 1st. edition – 2005).
 - Isabelle Royer, -'Why Bad project are so hard to kill', (Harvard Business Review, February 2003).
 - Jayatri Dasgupta, -'Innovation in Rural India', (Tapping Rural

- Markets – Concepts and Cases, edited by Gopal VV, the ICFAI University Press, 1st. edition – 2005).
- John Kerr, -'India and the New Global Environment', (The New Manager, edited by Kamal Singh, Published by AIMA & Excel Books Pvt., Ltd., 2008).
 - Harsha Bhargava & Deepak Kumar, - 'Policy Issues in Rural Transformation', (Rural Transformation – Socio-Economic Issues, edited by Harsh Bhargava & Deepak Kumar, the ICFAI University Press, 1st. edition – 2006).
 - Kaberi Bhattacharyya – "Villageward Ho!" -Rural Retailing, - Marketing Mastermind, Feb 2008 (Special issue).
 - Kalyani Vemuri, -'Rural Marketing: Indian Experiences', (Rural Markets – Emerging Opportunities, edited by Suresh K, the ICFAI University Press, 1st. edition – 2005).
 - Krishnan G, -'Challenges in Rural Marketing', (Rural Markets – Emerging Opportunities, edited by Suresh K, the ICFAI University Press, 1st. edition – 2005).
 - Lakshminarasimha. A. – 'Can the Indian model take on Global Retailing giants?' – Value based retailing - Marketing Mastermind, Feb 2008 (Special issue).
 - Michael D Watkins and Max. H Bazerman, -'Predictable Surprises: The Distasters you should have seen coming', (Harvard Business Review, March 2003).
 - Michael J Ma, Patrica Anslinger and Gary A Curtis, - 'Managing for today and tomorrow: Strategy and the high performance business', (The ICFAI Journal of 'Business Strategy', Vol.1, No.3, June 2004).
 - Michael Norelli, - 'Using Science to Alleviate Poverty in Rural India'- (Rural Transformation – Socio-Economic Issues, edited by Harsh Bhargava & Deepak Kumar, the ICFAI University Press, 1st. edition – 2006).
 - Niti Nandini Chatnani, A.P.(Finance),- 'rationale and relevance for farmers - Commodities futures markets in India', IIFT, New Delhi, Chartered Financial Analyst, Feb. 18, 2008.
 - Nirmalya Kumar, -'Creative Marketing in A Changing Scenario', (The New Manager, edited by Kamal Singh, Published by AIMA & Excel Books Pvt., Ltd., 2008).
 - Patel MC and Pillai SM- 'Importance of Agriculture in the Era of Globalization', (WTO & the Agriculture – edited by Talwar Sabanna, Serials Publication 1st. ed., -2005,).
 - Patil HK, - 'Flow of Agricultural Information through Internet under New Economic Environment', (WTO & Competitiveness - edited by D. Panduranga Rao, Excel Books, 1st. ed. 2001).
 - Patil RG & Nandeshwar RL – 'WTO – The Indian Response' International Conference, theme : Emerging Competitiveness Paradigms, held at Goa, India on 11th & 12th Jan. 2007, organized by PESIM and IUP.

- Patil RG & Nandeshwar RL – 'WTO - The Challenge India Faces – with specific reference to Agriculture sector', International Management Conference, theme: Convergence and Competition, held at PCTE, Ludhiana, on 31, Mar. 2007, organized by IMCC-2007.
- Patil RG & Nandeshwar RL – 'APMC yards vis-à-vis farmers in Karnataka' – International Conference, theme: Innovation for Competitive Advantage, held at PESIT campus, Bangalore, on 5th & 6th January 2008, organized by PESIM, and Indiana University of Pennsylvania.
- Patil RG & Nandeshwar RL – 'Challenges APMCs face in Karnataka in the advent of WTO' – National Conference, theme Green Management – Vision 2020, held at BIET, Davangere, on 14th & 15th Nov. 2008, organized by BIET, Davangere.
- Patil RG & Nandeshwar RL – 'Business Environment with specific reference to Agriculture Sector in Karnataka', International Conference, theme : Managing for a sustainable economy, held at PESIT Campus, Bangalore, on 2nd & 3rd. Jan. 2009, organized by PESIM and IUP
- Patil RG & Nandeshwar RL – "Impact of WTO on APMCs in Karnataka State" Strategic Management Forum 12th Annual convention IIM, Bangalore May 27-29, 2009
- Prabhakaran Nair KP, - 'Reforms with a Rural Face: focus on Agriculture', (Rural Transformation – Socio-Economic Issues, edited by Harsh Bhargava & Deepak Kumar, the ICFAI University Press, 1st. edition – 2006).
- Purba Basu, -'Emerging Face of Rural Market', (Tapping Rural Markets – Concepts and Cases, edited by Gopal VV, the ICFAI University Press, 1st. edition – 2005).
- Rajan Mani & Mohandas Menon – 'The Gains and Pains of Globalisation' – Retail Transformation - Marketing Mastermind, Feb 2008 (Special issue).
- Ravikanth V, -'Implementation of Business Strategy and Contribution of Marketing', (The ICFAI Journal of 'Business Strategy', Vol.1, No.3, June 2004).
- Sara Huhmann, -'Tapping India's Rural Market', (Tapping Rural Markets – Concepts and Cases, edited by Gopal VV, the ICFAI University Press, 1st. edition – 2005).
- Sarathy T and Lakshmi Naryanan R, -'Strategies for Rural Markets', (Tapping Rural Markets – Concepts and Cases, edited by Gopal VV, the ICFAI University Press, 1st. edition – 2005).
- Sarvanthi Challapalli, - 'The Rural Promise', (Tapping Rural Markets – Concepts and Cases, edited by Gopal VV, the ICFAI University Press, 1st. edition – 2005).
- Shetty PN, - 'The Challenges in Managing Business under Global Competitiveness, (WTO & Competitiveness, edited by D. Panduranga Rao, Excel Books, 1st.

- Ed. 2001).
- Shukla RK, -'Rural Consumer Market – Needs and Preferences', (Rural Markets – Emerging Opportunities, edited by Suresh K, the ICFAI University Press, 1st. edition – 2005).
 - Sudeep Basu, Burra Srinivas, - 'Policy Options for India under New Trade Regime,' (WTO & Competitiveness, edited by D. Panduranga Rao, Excel Books, 1st. Ed. 2001).
 - Veeramani AR – 'Economic Reforms and Domestic market Regulations in Indian Agriculture', (WTO & the Agriculture – Edited by Talwar Sabanna, Serials Publication 1st. Ed, -2005).
 - Veerashekharappa, Ramesh. G. Tagat- 'Agriculture Market Reforms: A case study of Karnataka', PG Department of Management & Research, 18-July-2008 SIT, Tumkur.
 - The India Economy Review 2006, - Vol.3, Special issue, Feb. 2006.
 - The Hindu –'Survey of Agriculture 2008' NEWS PAPER ARTICLES AND WEB SITES
 - The Hindu, Business Line – 13-Aug-2008, 'Rural India Tripped by shortages' & 'Agricultural Marketing through the agencies'
 - Doraiswami. PK, Business Line, Bangalore, 4-June-2008- 'WTO: Missing the wood for the trees.'
 - Mahesh Yalgodamane, 'Vijaya Karnataka's Bangalore edition – 12-Feb-2008, 'Hopcom's ready for competition'.
 - for a one-stop rural MART[®] – by Preeti Mehra, in Bangalore leading newspaper.
 - Ganesh Prabhu 'Closure of sugar factory leaves farmers in the lurch', The Hindu, Friday, April, 13th 2007.
 - Staff reporter – The Hindu, Sunday, June 24, 2007, ' Government to go ahead with amendments to APMC Act'
 - Prabhu. MJ, Farmer's Notebook – 'Farmers must market their produce to become competitive'
 - Sainath. P, The Hindu, Bangalore, Monday, June 23, 2008 – 'Fertilizer blues: from market yard to police yard'.
 - Editorial, The Hindu, Business Line, Wednesday, August 13, 2008. – 'Rural India: Tripped by Shortages'.
 - Staff Reporter – The Hindu, Business Line, Bangalore, Wednesday, March 25, 2009 – 'WTO foresees 9% fall in global trade in 2009'.
 - Staff Reporter – ' Green Revolution blamed for spate of farmers' suicides in the country – leaders criticize 'anti-farmer' policies of the government' – Dec 20. 2007. in leading Newspaper.
 - Times New Network – 'Farmers block road – Angry at shortage of fertilizer' – toiblreporter@timesgroup.com.
 - Gunjan Pradhan Sinha, The Economic Times, www.economictimes.com – 'Policymakers put retail FDI in cold storage'.
 - 'List of notified commodities in the A P M C of K a r n a t a k a ' www.maratawahani.kar.nic.in ,

accessed on 14-August-2007.

- Karnataka State Agricultural Marketing Board' www.kar.nic.in , accessed on 14-August-2007.
- www.wto.org – AOA Negotiations – State of Play accessed on December 12, 2008.
- 'The Karnataka State Agricultural Marketing Board' , www.kasab.gov.in , accessed on 17-December-2007.
- Karnataka Agriculture Map' www.mapofindia.com/karnataka/karnatakaagriculture.htm accessed on 01-Jan-2009.

www.org.uk

www.wto.org,

www.eximbankagro.in,

www.commerce.nic.in,

www.usda.gov/features/fambill,

<http://maratvahini.kar.nic.in>.

www.businessline.in/webextras.

Business Line, Bangalore -
"Agricultural Marketing through
the ages – written by Sharad Joshi,

(a c c e s s e d v i a e
mail:sharad.mah@nic.in).

SUPERIOR PRODUCTIVITY NEEDS EFFECTIVE COMMUNICATION SYSTEM: AN EMPIRICAL STUDY ON CONSTRUCTION INDUSTRY

Dr. Debajani Sahoo*

Mr. S.Suresh Kumar**

ABSTRACT: Business is conducted through various channels of communication, including the Internet, Print (Publications), Radio, Television, Ambient media, Outdoor, and Word of mouth. Business Communication can also refer to internal communication. A communications director will typically manage internal communication and craft messages sent to employees. Communication is a means by which operatives and other members of the team are linked (considering construction) in order to achieve the central goal. The various means by which information can be transmitted in the construction industry for the successful execution of any project as the success of such project relies largely on the establishment of a clearly defined framework or communication. Information can be transmitted formally or informally. In some cases construction contracts may state the form which communication must take. A very big step towards communication in the construction industry is the client statement of requirements. The information will include the size of the building, nature of the building, funds available, function of the building and time limitation of the project. This study is all about the effectiveness of communication during construction work carried out at BYD Electronics Pvt Ltd and how it helps the construction industry to enhance production and completion of projects within the stipulated period.

INTRODUCTION

Communication is used to promote a product, service, or organization; to relay information within the business; or to deal with legal and similar issues. It is also a means of relying between a supply chain, for example the consumer and manufacturer. The purpose of communication in the workplace is to provide employees with the information they need to do their jobs. Business Communication encompasses a variety of topics, including Marketing, Branding, Customer relations, Consumer behavior, Advertising, Public relations, Corporate communication, Community engagement, Research &

Measurement, Reputation management, Interpersonal communication, Employee engagement, Online communication, and Event management. It is closely related to the fields of professional communication and technical communication.

Communication between supervisors and subordinates remains a problem. Unfortunately, human beings have a natural tendency to judge, evaluate, approve of, or disapprove of other peoples' statements. This should not come as a surprise, since we all have different backgrounds, experiences, and education. We have different values and, therefore, are motivated

Keywords: Effective Communication, Construction Industry, Productivity

*Asst Professor (Marketing), Vels University, Pallavaram, Chennai. Author can be reached at: debajanis1@yahoo.co.in or 91-9705928000

**Asst. Professor, Dept of MBA, Vels University, Pallavaram, Chennai, Author can be reached at: prof.s.sureshkumar@gmail.com or 91-98401 25143

differently. Just as you must process information from others, others must process it from you. As a supervisor, you will spend a great deal of your time communicating to influence subordinates to accomplish work. You motivate, guide, and organize your subordinates to do their work. And your primary tools for doing those things are spoken and written communication.

In construction, communication could also be achieved through letters, drawings, symbols, signs, posters and word through which members of an organization send and receive information and also send information to the public at large. The communication, the workers especially in construction firms find it easy and highly productive to work together. Instruction and order are given and they are carried out as expected once they are well understood and acted upon rightly. The working day of every personnel is filled with communication in different ways and forms through orders, directives, information, conversation, requests and rumors.

LITERATURE REVIEW

Communication can be analyzed as a two way process as information is not only sent but also received, understood and implemented. (Adeleke, 2004). Machinery need to be in place for further communication to take place, either downward communication (from superior to sub-ordinate), horizontal (between colleagues of the same level) or upward communication (from sub-ordinate to superior). Careful attention must be paid to these means and machinery of communication because internal communication is vital for high productivity, as an aid to construction

project delivery in the construction site and it is a more difficult process now than it was decades ago. The principal reason for this is that there has been changes in the attitude of workers towards their employers and in the present site environment there has been a move away from old concepts of unquestionable obedience, proper provision must be made for upward communication to avoid misconceptions of information failing which superior personnel like Architect, Project manager, Engineer or supervisor may generate a bad feeling and may also end up making decisions in a vacuum and such decision may not be accepted by the junior staff and personnel like the laborers and gang men.

The telephone is used to communicate urgent matters which could be followed up by letters to consultants concerned. Basically, consultants transfer information through drawings, schedules and specification notes. (Seeley, 1995)

There is need for architectural, structural and service drawings to be required by the quantity surveyors. The specifications must be clear, definite and concise so that when read with the drawings, set out the quality of materials and the workmanship or standard required in the project to enable the quantity surveyor prepare his bill of quantities. During the progress of the work, all the instructions from the architects and engineers intending to alter the original scheme of work are sent up to the quantity surveyor and must be detailed enough to enable him establish the cost implication of the project and provide professional advice.

Communication can be analyzed as a two way process as information is not only sent but also received, understood and implemented.

Effective communication has not been given enough attention in construction firms thereby creating many loop holes in information dissemination.

Besides trust, the need for direct, personal interaction through face-to-face contact – one of the most pervasive features of construction business (Egbert 2004; McCormick 1999; Mungunasi 2000; Trulsson 1997), makes the difference between winning and losing an order. If you spend a lot of time away from your business premises, on site or with customers, a mobile phone will allow people to contact you at any time of the day (Duncombe and Heeks 2001). Duncombe and Heeks (2001) note that a telephone, for example, 'will be particularly useful for keeping customers informed about problems such as late deliveries or production problems'. A mobile phone may be used for work purposes. Despite having better communication with clients, much business still relies on face-to-face contact, one of the most pervasive features of economies (Molony 2007). However, whatever the merits of these different forms of communication, many leaders still do not appear to have altered their unbusinesslike and seemingly carefree attitude towards keeping customers informed when prearranged timings cannot be met.

RESEARCH PROBLEM AND OBJECTIVES OF THE STUDY

Effective communication has not been given enough attention in construction firms thereby creating many loop holes in information dissemination. As a result of this poor attitude in the industry, it is found necessary to create solutions to such problems through this research as to improve productivity in construction firms.

OBJECTIVES OF THE STUDY

The aim of this research is basically to

identify the problem caused by ineffective communication in the construction industry.

The objectives of the research are:

- To identify the major factors that causes ineffective communication in the construction industry.
- To identify the problem caused by these factors.

From the information that will be gathered, the importance of effective communication on execution and delivery process will be made known to all concerned at the supervisory level of construction work. This research work will also show how ineffective communication negatively affects productivity based on the facts gathered. This research work will also be useful to the management of construction companies and their professional status.

RESEARCH QUESTIONS

The following questions will be answered so as to improve on duration and productivity.

1. Can poor leadership cause ineffective communication?
2. Can lack of experience about construction work hinder communication on site?
3. Will good administration enhance effective communication?
4. What role will incentives play in disseminating order and information?
5. Will the introduction of seminars, workshops, postal and handbills improve communication on site?

RESEARCH METHODOLOGY

It describes the procedure followed in realizing the goals and objectives in this research. This involves the adequate description of the research are stressing on the inclusiveness of the chosen area of this study, the research tools and sampling techniques necessitating the administration of questionnaires and oral interview.

SAMPLING METHOD & SAMPLING SIZE

This research is based on simple random sampling method. It entails the use of identical objects on which the entire population is written. The objects are then gathered together with the required number being selected from them, one after the other, using random digit table. The population for the study was huge, but because of time and resource constraint, the sampling size for this research work is 100. Simultaneously Architects, Builders, Structural Engineers, Project Managers and Quantity Surveyors were also interviewed.

METHOD OF DATA COLLECTION

In order to obtain appropriate and adequate responses from the respondents, a combination of fixed response and open end type of questionnaire was prepared in such a way that the options of the respondents were required on the subject of the dissertation.

The questionnaire is divided into two main sections A and B. in the fixed

response type of questionnaire design: there are tailored options of answers from which the respondents must choose while responding or answering each question. The opinions of the respondents were just to tick their own approval of available options of answer. The questionnaires were distributed to the respondents through direct contact in order to supply the necessary data to be used for the research work. Responses were collected on individual basis and also interviews were conducted with respondents in respect of questionnaires earlier distributed. The study is actually intended to examine the effectiveness of communication as an aid to construction project delivery in Chennai but with a special attention given to a few construction sites within the Chennai metropolis because it houses the most large and medium construction firms in India.

Secondary data were used as supplements. Theoretical concepts are obtained through interviews used to interpret and compare the findings. Analytical tools were basically the descriptive statistics, which includes simple percentage methods and chi-square etc.

PRETESTING

The questionnaire was pretested on 23 samples. Owing to the intrusive nature of the questions, the researchers were apprehensive about the validity of the responses. However, the respondents answered the questions without any difficulty. Minor changes were made in the questionnaire such as reducing the number of questions.

The questionnaire was pretested on 23 samples. Owing to the intrusive nature of the questions, the researchers were apprehensive about the validity of the responses. However, the respondents answered the questions without any difficulty. Minor changes were made in the questionnaire such as reducing the number of questions.

DATA ANALYSIS & INTERPRETATION

The information and data collected from the professionals from BYD Electronics Pvt Ltd now becomes the aim of this study. This is very useful in making conclusions and suggestions. Simple average and chi-square method have been used for the findings.

RESPONDENTS DETAILS (IN PERCENTAGE)

Table 1

SECTION	NO GIVEN	NO OF RESPONSES
Architect	31	25
Builder	25	21
Civil Engineer	27	25
Quantity Surveyor	32	29
TOTAL	115	100
PERCENTAGE	100%	87%

Eighty Seven percent (87%) of the total questionnaires distributed were completely filled out and returned.

ACADEMIC QUALIFICATION OF RESPONDENTS

Table 2

Academic qualification	Number	Percentages
B.E	22	22%
B.E, M.E	29	29%
B.E, MBA	32	32%
MSc/MBA	17	17%

The table and chart shows that the highest populations of respondents are the B.E/MBA holders. This is because they are more involved in the medium managerial positions.

THE POPULATION OF RESPONDENTS

The population of respondents is analyzed below.

Table 2

Professionals	Number	Percentage
Architect	25	25%
Builder	21	21%
Civil engineer	25	25%
Quantity surveyor	29	29%

From the table and chart above it is noticed that the highest population of respondents are the Quantity surveyors, followed by the Builders and Architect and lastly the Builders.

WORK EXPERIENCE OF RESPONDENTS

Table 3

Experience	Number	Percentages
1 to 5	32	32%
6 to 10	17	17%
10 to 15	34	34%
Above 15	17	17%

The table and chart clearly indicates that a majority of the people in the medium managerial positions are those whose years of experience fall between 10-15 years.

Communication is an effective tool of actualization of a project.

Table 4

Rating	Number of responses	Percentage
Strongly agree	29	29%
Agree	33	33%
Disagree	17	17%
Strongly disagree	14	14%
Neutral	7	7%

From the above chart and table, a majority of the respondents agree that communication is an effective tool in the actualization of construction project

Site meetings are an important channel of communication between the consultants and contractor on site.

Table 5

Rating	Number of responses	Percentage
Yes	41	41%
No	29	29%
May be	30	30%

The table and chart above clearly shows that site meeting creates an important avenue for consultants and contractor to exchange ideas and pass on information to others.

Result of Training of operatives on onsite communication

Table 6

Rating	Number of responses	Percentage
Excellent	28	28%
Good	49	49%
Neutral	21	21%
Bad	1	1%
Worse	1	1%

Findings show that when workers are trained, onsite communication is carried out in a more reliable pattern and higher productivity is attained.

Poor communication often results in delay, increase in cost, abandonment, amongst other problems.

Table 7

Rating	Number of responses	Percentage
Strongly agree	17	17%
Agree	24	24%
Disagree	32	32%
Strongly disagree	15	15%
Neutral	12	12%

This table shows little contract information as a higher percentage disagrees that it causes delay which will in turn cause an increase in the cost of the project. So it may be biased information.

Workshops, handbills and posters enhance productivity and educate workers.

Table 8

Rating	Number of responses	Percentage
Yes	49	49%
No	18	18%
Maybe	33	33%

Findings reveal that the use of posters, handbills and organizing workshop will enhance site productivity and also educate workers.

Poor leadership results in poor communication.

Table 9

Rating	Number of responses	Percentage
Strongly agree	18	18%
Agree	23	23%
Disagree	35	35%
Strongly disagree	19	19%
Neutral	5	5%

Findings reveal that the leadership pattern has little effect on communication on site

Poor and distorted information affects the level of work done on site.

Table 10

Rating	Number of responses	Percentage
Yes	64	64%
No	26	26%
May be	10	10%

From table and chart poor and distorted information has an effect on the level of work done on site.

Effect of Inexperienced interpretation of working drawings in building components

Table 11

Rating	Number of responses	Percentage
Highly effective	59	59%
Effective	35	35%
Somewhat effective	2	2%
Not effective	1	1%
Neutral	3	3%

The table shows that inexperienced interpretation of working drawings is a major cause of building component failure.

Every worker on site is responsible for disseminating information effectively.

Table 12

Rating	Number of responses	Percentage
Strongly agree	38	38%
Agree	35	35%
Disagree	11	11%
Strongly disagree	9	9%
Neutral	7	7%

From the above, the study shows that every worker on site is responsible for effective dissemination of information.

Effect of Poor means of communication on information on site.
Table 13

Rating	Number of responses	Percentage
Highly effective	21	21%
Effective	64	64%
Somewhat effective	9	9%
Not effective	2	2%
Neutral	4	4%

This table shows that poor means of communication is another cause of distorted information on site.

Good relationship among site operatives will lead to time wastage and material wastage.
Table 14

Rating	Number of responses	Percentage
Yes	38	38%
No	47	47%
Maybe	15	15%

The table shows that there is no correlation between the relationship between operatives and time and material wastage.

Lack of involvement in performing duties as expected will lead to ineffective communication.
Table 15

Rating	Number of responses	Percentage
Strongly agree	38	38%
Agree	35	35%
Disagree	16	16%
Strongly disagree	7	7%
Neutral	4	4%

The table shows that the involvement a worker puts into his work affects the quality of communication he practices.

The importance of language used among operatives is very essential for effective communication on site.
Table 16

Rating	Number of responses	Percentage
Highly effective	22	22%
Effective	62	62%
Somewhat effective	11	11%
Not effective	4	4%
Neutral	1	1%

Findings from the table show that the language used among site operatives is of utmost importance in practicing effective communication.

Late dissemination of information will affect output on site negatively.
Table 17

Rating	Number of responses	Percentage
Yes	42	42%
No	38	38%
Maybe	14	14%

The table shows that late dissemination of information negatively affects output on site

Poorly presented information on site creates a big problem in the timely delivery of construction of projects.
Table 18

Rating	Number of responses	Percentage
Strongly agree	60	60%
Agree	32	32%
Disagree	3	3%
Strongly disagree	0	0%
Neutral	5	5%

The table shows that the presentation of information on site may create a big problem when poorly presented, in the timely delivery of construction projects.

Communication between departments in the company is adequate
Table 19

Options	Number of responses	Percentage
Disagree Strongly	26	26%
Disagree somewhat	32	32%
Neutral	17	17%
Agree somewhat	15	15%
Agree Strongly	10	10%

From the above table it is clear that most of the respondent have answered that there is inadequate communication between their departments. It happens sometimes because of employee carelessness. When a fresher steps into an organization, he/ she may experience difficulty in interacting with his/ her senior colleagues.

CHI-SQUARE METHOD

The chi square test is one of the simplest and most widely used non-parametric tests in statistical work. As a non-parametric test, it can be used to determine if categorical data shows dependency or the two classifications are independent. It can also be used to make comparisons between theoretical population and actual data when categories are used.

$$X^2 = \sum (O-E)^2 / E.$$

Where E=Expected frequency

O=Observed frequency

$$E = RT * CT / GT$$

Where RT=Row total

CT=Column total

GT=Grand total

Null hypothesis (Ho): "There is a significant contribution of effective communication on Employee's performance to improve productivity"

Alternate hypothesis (Ha): "There is no significant contribution of effective communication on Employee's performance to improve productivity"

OBSERVED FREQUENCY TABLE

Employee'	Effective Communication	Performance
X1	10	6
X2	6	4
X3	14	8
X4	8	5
X5	12	7
X6	16	9
X7	10	6
X8	8	5
X9	12	7

EXPECTED FREQUENCY TABLE

C	P	(C-P)	(C-P) ²	$\frac{(C-P)^2}{C}$
10	6	4	16	1.60
6	4	2	4	0.66
14	8	6	36	2.50
8	5	3	9	1.12
12	7	5	25	2.08
16	9	7	49	3.06
10	6	4	16	1.60
8	5	3	9	1.12
12	7	5	25	2.08
			TOTAL	15.82

$\chi^2 = 15.82$

$\chi^2 \text{ at } .05 = 15.45$

The result was significant ($p < 0.001$).

A more efficient post and telecommunication services will contribute in no small measure towards achieving communication effectiveness.

As the calculated value of chi-square (15.82) is more than the table value (15.45), so our null hypothesis is rejected and alternate hypothesis is accepted.

Thus we can say that There is no significant contribution of effective communication on Employee's performance to improve productivity.

From the research and direct visits to some construction sites coupled with the information gathered through the questionnaire distributed, it was revealed that most indigenous firms are aware of the importance of effective communication; consequently qualified personnel were appointed to man some strategic points effectively. In most of these firms, open policy of communication was exhibited and no form of organizational barrier existed. The laborer could easily walk up to the site supervisor for instructions without going through any other channel. In larger organizations, the means of communication is very effective and advanced equipment like radio messages and walkie talkie are being used on large site.

From the above analysis it could be deduced that poor communication occurs in the construction industry because of:-

- Lack of an established communication system,
- Irregular site meetings,
- Inadequate training of operatives on communication skills,
- Distortion in information,
- Inexperience interpreting of information on working drawings,
- Lack of interest to perform duties,
- The language used in disseminating information,
- Late dissemination of information,
- Poor presentation of information.

SUGGESTIONS & RECOMMENDATIONS

From the research work carried out on communication process in the BYD Electronics Pvt Ltd construction work using Chennai city as an example, the followings recommendations can be implemented. Provision of adequate communication equipment for speedy transmission of information should be used. The message should be reinforced i.e. it should be presented in a number of ways or means. Firms should have a well established communication system to enhance communication's effectiveness. Written communication should be legible and clear. The use of simple, direct language and avoidance of jargon is very essential to avoid ambiguity. A more efficient post and telecommunication services will contribute in no small measure towards achieving communication effectiveness. Superiors should treat sub-ordinates in such a way that they will be accessible to them. This will impact in a positive way, by bringing down imaginary wall of silence that prevents healthy dialogue and group problem solving. Education and training programs should be organized by firms to meet there obligations by providing well-qualified employees at all levels. It should be designed to include both information about the working and also appreciation of the sources of information. This will enable them to exercise their minds more confidently and capably, thus leading to an awareness of more efficient techniques. Feedback should also be encouraged. It ensures that the sender gets his message back from the receiver which indicates how far understanding has taken place. The communicator should adjust to the world of the receiver. Since his intention is to get the message across, he should try to anticipate the receiver's feelings and attitude. He should size up the receiver's store for background

information, intelligence, and level of thinking, reasoning, perception, information image and memory and, therefore, tailor fit the receivers' vocabulary, interest and values. The employers of labour in the industry should give preference to well-qualified applicants for employment.

CONCLUSION

It may be stated without exaggeration that a major problem in the Chennai construction industry is that of setting up meaningful and reasonable communication network. Poor build ability, poor management of resources and low productivity are as a result of poor communication in the industry and usually cause delay in timely project delivery. This in turn will have an adverse effect on the economy at large. The success of implementing the long term strategy hinges upon the increasing acceptance and adoption of information technology by the industry players in their business processes. In the meantime, construction and real estate education providers can continue to train their students for immediate needs via the introduction of IT modules in their existing courses or conduct relevant continuing professional development courses in information technology.

REFERENCES

- Armand Mattelart and Michele Mattelart, *Theories of Communication: A Short Introduction*, Sage Publications Ltd, 1998.
- Carley H Dodd, *Managing Business and Professional Communication*, Allyn and Bacon, 2003.
- Duncombe, R., & Heeks, R. (2001). *Information and communication technologies in developing countries: A handbook for entrepreneurs in developing countries*. Manchester: IDPM University of Manchester.
- Egbert, H. (2004). *Networking and entrepreneurial success-A case study*

from Tanga, Tanzania. In K. Wohlmuth, M. Meyn, A. Gutowski, T. Knedlik, & S. Pitamber (Eds.) *African entrepreneurship and private sector development* (pp. 291-309). Münster: Lit.

Kitty O. Locker, *Business and Administrative Communication*, McGraw-Hill/Irwin, 7th edn, 2004.

McCormick, D. (1999). African enterprise clusters and industrialization: Theory and reality. *World Development*, 27(9), 1531-1551.

Mungunasi, E. (2000). Survey of information and communication technologies within small, micro and medium enterprises in Tanzania. Washington, DC, USA: World Bank.

Molony, T. S. J. (2007). I don't trust the phone, it always lies: Social capital and information and communication technologies in Tanzanian micro and small enterprises. *Information Technologies and International Development*, 3(4), 67-83.

Trulsson, P. (1997). *Strategies of entrepreneurship: Understanding industrial entrepreneurship and structural change in northwest Tanzania*. Linköping: Department of Technology and Social Change, University of Linköping.

Zhang, H., Shi, J.J., and Tam, C.M. 2002. Iconic animation for activity-based construction simulation. *Journal of Computing in Civil Engineering*, 16(3): 157-164.

"Motivation within a creative environment," www.thetimes100.co.uk/company_list.php

"Improve Your Communication Skills Unlock effective communication. Understand, and be understood," <http://www.mindtools.com/page8.html>, June 15, 2010

It may be stated without exaggeration that a major problem in the Chennai construction industry is that of setting up meaningful and reasonable communication network.

STUDY ON THE FOREX TRADING STRATEGY FOR THE CURRENCY PAIR EUR/USD

Dr. R. Nandagopal*

L. S. Sridhar**

M. Sathish***

ABSTRACT: *This research paper attempts to build a Forex trading Strategy on Currency pair EUR/USD. We used daily Series of data from January 2005 to February 2008 (156 exchange rates). Forex strategy built on the basis of ten parameters was considered. The trading strategy framed in this study has found that account balance which is seen as a measure of profitability of the strategy is influenced by the draw down level and lots employed. This provides an evidence to show that volume of trading and draw down level influences the profitability. The study ensures that the draw down level should be taken care of while changing the other variables. This is because increasing the draw down value would create high loss while trading. The important finding is that the time frame of trading does not influence the account balance.*

Key Words: *Forex trading strategy, Draw Down value, Time frame of trading*

1. INTRODUCTION: Access to foreign exchange (Forex), the most extensive market on the planet, is generally through an intermediary known as a Forex broker. Similar to a stock broker, these agents can also provide advice on Forex trading strategies.

When testing a given strategy, it shows the real situation and never tries to promote the chosen logic or overstate the result. Using this product relieves the user from relying blindly on Forex books and analyzers. Consequently, there is no possibility of losing money, relying on unproved trading systems.

This research attempts to build a strategy on EURO and USD pair (EUR/USD). The currency pair shows how much of the counter currency is needed to purchase one unit of the base currency. Currency pairs can be thought of as a single unit that can be bought or sold. The first currency of a currency pair is called the "base currency," while the second currency is called the "counter currency."

2. REVIEW OF LITERATURE

2.1 Impact of lots employed on account balance

Studies on various stock markets have proved that the trading volume has a lagged relationship with the profitability. Hiemstra and Jones (1994) studied a linear relationship from Dow Jones stock returns to percentage changes in NYSE trading volume; they also found a significant bi-directional non-linear causality between returns and volume. A study conducted by Lee and Rui (2002) on three large stock markets (New York, Tokyo, and London) showed the positive correlation between trading volume and profitability except for the London stock market. All these studies have been essentially limited to stock markets with the existence of short sale restrictions. This study has been extended to confirm the relation between the volume and return in the foreign exchange market. The following hypothesis has been tested for this analysis.

*Director, PSG Institute of Management, Coimbatore, Tamilnadu. The author can be reached at directorim@yahoo.co.in

**Faculty member, PSG Institute of Management, Coimbatore, Tamilnadu. The author can be reached at sonnappansridhar@yahoo.co.in

***Faculty member, PSG Institute of Management, Coimbatore, Tamilnadu. The author can be reached at mahendran.sathish@gmail.com

H1: Trading volume has an effect on the profitability of currency trading

2.2 Impact of indicator on account balance

The indicators used in technical analysis have been differentiated as price-based and volume-based indicators. The price-based indicators have been found to have a negligible effect on profitability. Blume et. al (1994), for instance, suggested that volume may provide insights into the quality of traders' information that cannot be observed from price statistics. Suominen (2001) also developed a model to demonstrate that trading volume contains additional useful information not reflected in current stock prices, which can be exploited by traders to improve the profitability of their trading strategies.

A study conducted by Elaine Loh provided empirical evidence on the role of volume in technical analysis by investigating if the performance of technical analysis based on daily price statistics may be improved by additionally employing technical indicators based on trading volume. This study examines the performance of currency trading strategy based on price indicators. Thus the following hypothesis has been framed regarding the efficiency of price based indicators in predicting profitability.

H1: Price based technical indicator influences the profitability of currency trading

2.3 Draw down and Account balance

Draw down is simply the amount of money lost in trading, expressed as a percentage of total trading. If all trades were profitable there would never be a draw down. Draw down does not measure overall performance, only the

money lost while achieving that performance. Its calculation begins only with a losing trade and continues as long as the account hits new equity lows (Lave Dandry). The following hypothesis has been tested based on this fact to study the level of impact of draw down on the profitability.

H1: Draw down influences the account balance

2.4 Account balance and percentage position

Most of the traders employ a Moving Average (MA) trading rule that implies establishing or maintaining a long position in a currency if the short term MA is equal to or greater than the long-term MA; establish or maintain a short-position if the short-term MA is less than the long term MA. Though the Percentage position may have some influences on account balances, it will be very little and the influence does not impact more. Traders being able to gain money over the long run were taking smaller positions than losing and bankrupt traders (Johan Ginyard) (1982).

H1: The duration of a position held influences the account balance

2.5 Draw down and percentage position

Draw down is the peak-to-trough decline during a specific record period of an investment, fund or commodity. A draw down is usually quoted as the percentage between the peak and the trough. When the current position in a currency pair moves against the favorable trend, it sounds better to change the position as early as possible. As this time frame prolongs, the draw down value gets increased resulting in a greater loss which, in turn, reduces the profitability of trading. This leads to test the following hypothesis.

This study examines the performance of currency trading strategy based on price indicators.

H1: There is a significant association between draw down and different time frames employed.

2.6 Draw down and time frame

With the decreasing time frame, the frequency of trading increases. The probability of unfavorable moves in a high frequent trading is large. This being the case the draw down level will vary depending on the frequencies of trading. This necessitates examining the impact of various time frames on draw down level.

H1: Time frame of trading has an influence on draw down

2.7 Lots employed and Draw down

Trading Volume is an important factor that draws the attention of the traders. Low volume indicates that the market is illiquid which also implies high volatility in price and vice versa. This reduces the price effect i.e. Draw down in large trades. In general, with increase in volume, the market makers have greater opportunity for profit as result of low drawdown.

H1: Volume of trading influences drawdown.

2.8 Draw down and indicator

Drawdown is simply the amount of money lost in trading, expressed as a percentage of total trading. It does not talk about the performance of trading. Even with the same indicator of varying values, the profitability reduces which has an impact on drawdown. The indicator indicates the trend and the time to perform the buy or sell. Based on the indicator and values taken for the indicator, the draw down is influenced.

H1: Choice of indicator influences draw down level

2.9 Profit/loss ratio on time frame

A profit/loss ratio refers to the size of the average profit compared to the size of the average loss per trade. The profitability varies based on the time frame which influences the profit/loss ratio. There are certain traders who may maintain the ratio as 2:1 or 3:1 but it all depends on the timeframe they are trading and the other factors that are affecting the strategies followed by the trader. If the timeframe is constant, then the ratio does not get affected but trading in different time frames affects the ratio.

H1: Time frame of trading influences the profit/loss ratio

2.10 Account Balance and Time Frame

Account Balance varies as the time frame of trading varies. If the trading in the Forex must be considered in long term and as an investment, then longer time frame like weekly charts must be considered which gives more profitability. The shorter time frame and the Intraday are only based on speculation and the profitability is based on risk factor by the trader.

H1: Different time frames have varying effects on account balance

3. DATA AND RESEARCH METHODOLOGY:

3.1 Data

Only secondary data were used. The data set employed in this study consisted of monthly observations of exchange rates for EUR/USD currency pair. It has been collected from the Forex Strategy Builder software which is in-built for the period of January 2005 to February 2008. Period of study was from January 2005 to February 2008 (156 exchange rates). Sampling method which was used non-probability sampling, period of data collection has

Drawdown is simply the amount of money lost in trading, expressed as a percentage of total trading. It does not talk about the performance of trading.

been chosen according to its availability. The Forex strategy built on the basis of following ten parameters:

1. Impact of indicator on account balance
2. Draw down and account balance
3. Account balance and percentage position
4. Draw down and percentage position
5. Draw down and time frame
6. Lots employed and Draw down
7. Draw down and indicator
8. Profit/loss ratio on time frame
9. Account Balance and Time Frame
10. Impact of lots employed on account balance

3.2 Methodology

Given the time series nature of data, the parameters which were tested using of Correlation test has been used to study the correlation among variables like account balance, lots employed, time in position, draw down, time frame etc. Test was used to study the impact of indicator used on account balance, and one way ANOVA was used to study the impact of different time frames on account balance, draw down level, profit loss ratio and the impact of different indicators on account balance and draw down.

Here analysis was made with the help of commonly known software package of SPSS. The formula for Pearson's correlation takes on many forms. Here two variables are tested X, namely one variable, Y refers another variable N refers the number of observation. A commonly used formula is shown.

$$r = \frac{\sum XY - \frac{\sum X \sum Y}{N}}{\sqrt{(\sum X^2 - \frac{(\sum X)^2}{N})(\sum Y^2 - \frac{(\sum Y)^2}{N})}}$$

The One-Way ANOVA procedure produces a one-way analysis of variance for a quantitative dependent variable by a single factor (independent) variable. Analysis of variance is used to test the hypothesis that several means are equal. This technique is an extension of the two-sample t test. It is easy to model all of this with an equation of the form:

$$y_{ij} = m + a_i + e_{ij}$$

This equation indicates that the jth data value, from level i, is the sum of three components: the common value (grand mean), the level effect (the deviation of each level mean from the grand mean), and the residual (what's left over).

The One-Way ANOVA procedure produces a one-way analysis of variance for a quantitative dependent variable by a single factor (independent) variable. Analysis of variance is used to test the hypothesis that several means are equal. This technique is an extension of the two-sample t test.

In general, the ANOVA table for the one-way case is given by:

Source	Sum of Squares	Degrees of Freedom	Mean Square
Factor levels	$\sum a^2$	1-1	$\sum a^2_{j-1}$
residuals	$\sum \sum e_{ij}^2$	1(J-1)	$\sum \sum e_{ij}^2_{(j-1)}$
corrected total	$\sum \sum Y_{ij}^2 / Jm^2$	1J-1	

In testing the null hypothesis that the populations mean is equal to a specified value μ_0 , one uses the statistic

$$t = \frac{\bar{X} - \mu_0}{s/\sqrt{n}}$$

Where s is the sample standard deviation of the sample and n is the sample size. The degrees of freedom used in this test is $n - 1$.

4. OBJECTIVES OF THE STUDY:

1. To frame a Forex trading strategy based on technical analysis
2. Analyze the devised strategy's efficiency with the help of Forex strategy builder software.

5. RESULTS AND DISCUSSIONS:

5.1.1 Correlation between Account Balance and Drawdown

The calculated value of significance is .000 which is less than .05. Therefore reject the null hypothesis and accept the alternate hypothesis. There is a significant relation between account balance and draw down. The two variables have negative correlation. Hence if the drawdown value is decreased, the profitability will be increased.

5.1.2 Correlation between Account Balance and Percentage Position

The calculated value of significance is .153 which is greater than the observed value of .05. Therefore accept null hypothesis and reject the alternate hypothesis. Thus it has been inferred that there is no significant relation between account balance and percentage position. The two variables have positive correlation. This is one of the main factors which affect profitability.

5.1.3 Correlation between Account Balance and Lots Employed

The calculated value of significance is .021 which is less than the observed value of .05. Therefore reject the null hypothesis and accept the alternate hypothesis. It has been inferred that there is a significant relation between account balance and lots employed. The two variables have a positive correlation. Thus if the lot size is increased the profitability will also be increased.

It has been inferred that there is no significant relation between account balance and percentage position. The two variables have positive correlation. This is one of the main factors which affect profitability.

5.1.4 Correlation between Percentage Position and Draw down

The calculated significant value 0.314 is found to be greater than the observed value of .05 and hence the null hypothesis has been accepted. The inference is that there is no significant correlation between percentage position and draw down. The lower value of correlation shows that they are weakly correlated.

5.1.5 Correlation between Lots Employed and Draw down

The calculated significant value of .000 is less than .05. Hence the null hypothesis has been rejected and the alternate hypothesis accepted. Thus the inference is that there exists a significant relation between lots employed and drawdown. The two variables are positively correlated. As the number of lots is increased the draw down may get increased resulting in significant loss.

5.2 ONE WAY ANOVA

5.2.1 Time Frame Vs Account Balance

Null hypothesis: There is no significant difference between the profitability at different time frame.

Alternate hypothesis: There is a significant difference between the profitability at different time frame.

The calculated value of significance (.725) is greater than the observed value of .05. Hence the null hypothesis has been accepted and inferred that there is no greater significant difference between the profits measured at different time frames. The profit level remains unaffected by the time frame employed.

5.2.2 Draw Down On Time Frame

Null hypothesis: There is no significant difference between the draw down level at different time frame.

Alternate hypothesis: There is a significant difference between the draw down level at different time frame.

The calculated value of significance (.105) is greater than the observed value of .05. Hence accept the null hypothesis that there is no greater significant difference between the draw down measured at different time frames. The draw down level remains unaffected by the time frame employed.

5.2.3 Draw Down On Indicator

Null hypothesis: there is no significant difference between the draw down level for different indicators

Alternate hypothesis: there is a significant difference between the draw down level for different indicators.

The calculated value of significance (.046) is less than the observed value of .05. Hence reject the null hypothesis. Thus there exists a significant difference between the draw down level for different indicators used.

5.2.4 Profit/Loss Ratio on time frame

Null hypothesis: there is no significant difference between the profit loss ratio levels at different time frames

Alternate hypothesis: there is a significant difference between the profit loss ratio levels at different time frames.

The calculated value of significance (.414) is greater than the observed value of .05. Hence accept the null hypothesis. Thus there does not exist any significant

The draw down level remains unaffected by the time frame employed. There exists a significant difference between the draw down level for different indicators used.

difference between the draw down level for different time frames employed.

5.3 INDEPENDENT SAMPLE TEST

5.3.1 Indicator on account balance

Null hypothesis: There is no significant difference between the account balance values for different indicators used.

Alternate hypothesis: There is a significant difference between the account balance and indicators used. Levine's test H_0 says the variances of the two samples are equal. Calculated value of significance (.000) is less than the assumed value of .05. Therefore reject the null hypothesis which says that the choice of indicator does not influence net profit. It is inferred that the account balance changes with different indicators. Looking at the descriptive statistics the momentum indicator helps in having greater profitability. It means that the variances are different.

CONCLUSIONS:

The trading strategy framed in this study has found that account balance which is seen as a measure of profitability of the strategy is influenced by the draw down level and lots employed. This provides an evidence to show that volume of trading and draw down level influences the profitability. The study ensures that the draw down level should be taken care of while changing the other variables. This is because increasing the draw down value would create high loss while trading. The study ensures that the draw down level should be taken care of while changing the other variables. This is because increasing the draw down value

would create high loss while trading. The important finding is that the time frame of trading does not influence the account balance.

REFERENCES:

1. Abraham A. and Chodhury M., (2001), "An Intelligent Forex Monitoring System", In Proceedings of IEEE International Conference on Info-tech and Info-net, Beijing, China, IEEE Press, pp.523-528.
2. Craig Hiemstra and Jonathan D. Jones (1994), "Testing for Linear and Nonlinear Granger Causality in the Stock Price: Volume Relation", Journal of Finance, Vol. XLIX No.05
3. Dormale, A. V. (1997), "The Power of Money", Macmillan Press, London.
4. Forex Capital. (2001), "Introduction to Forex Market", <http://www.forexcapital.com>, Accessed on 14-Sept.-2001.
5. Grabbe, J. O. (1996), "International Financial Markets", Englewood Hills, Prentice Hall Inc.
6. John Y. Campbell, Sanford J. Grossman and Jiang Wang (1993), "Trading Volume and Serial Correlation in Stock Returns", the Quarterly Journal of Economics.
7. Lawrence Blume, David Easley and Maureen O'Hara (1994), "Market Statistics and
8. Technical Analysis: The Role of Volume, Journal of Finance, Vol. XLIX No.01
9. Longel, K. and Walter, K. (2001), "Electronic Currency Trading for Maximum Profit, Prima Money",

The study ensures that the draw down level should be taken care of while changing the other variables. This is because increasing the draw down value would create high loss while trading. The important finding is that the time frame of trading does not influence the account balance.

Roseville, California.

10. Matti Suominen (2001) , "Trading Volume and Information Revelation in Stock Market",

11. Journal of Financial and Quantitative Analysis, 36:545-565

12. Thomas Klitgaard , Matthew Higgins (2004), " Reserve Accumulation: Implications for Global Capital Flows and Financial Markets", Current Issues in Economics and Finance, Vol. 10, No. 10,

CORRELATION

5.1.1 Correlation between Account Balance and Drawdown

		account balance	DRAWDOWN
account balance	Pearson Correlation	1	-.540
	Sig. (2-tailed)	.	.000
	N	156	156
DRAWDOWN	Pearson Correlation	-.540	1
	Sig. (2-tailed)	.000	.
	N	156	156

5.1.2 Correlation between Account Balance and Percentage Position

		Percentage Position	Account Balance
Percentage Position	Pearson Correlation	1	.179(*)
	Sig. (2 tailed)		.026
	N	156	156
Account Balance	Pearson Correlation	.179(*)	1
	Sig. (2 tailed)	.026	
	N	156	156

5.1.3 Correlation between Account Balance and Lots Employed

		Account Balance	Lots Employed
Account Balance	Pearson Correlation	1	.184
	Sig. (2-tailed)		.021
	N	156	156
Lots Employed	Pearson Correlation	.184	1
	Sig. (2-tailed)	.021	
	N	156	156

5.1.4 Correlation between Percentage Position and Drawdown

		DRAWDOWN	percentage position
DRAWDOWN	Pearson Correlation	1	.081
	Sig. (2-tailed)		.314
	N	156	156
percentage position	Pearson Correlation	.081	1
	Sig. (2-tailed)	.314	
	N	156	156

5.1.5 Correlation between Lots Employed and Drawdown

		Draw Down	Lots Employed
DRAWDOWN	Pearson Correlation	1	.711
	Sig. (2-tailed)		.000
	N	156	156
lots employed	Pearson Correlation	.711	1
	Sig. (2-tailed)	.000	
	N	156	156

5.2 ONE WAY ANOVA

5.2.1 Time Frame Vs Account Balance

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	145069.705	2	72534.853	.341	.711
Within Groups	32526798.962	153	212593.457		
Total	32671868.667	155			

Tukey HSD

TIME	N	Subset for alpha = .05
		1
1 day	52	403.88
1 hour	52	414.06
4 hours	52	473.06
Sig.		.725

5.2.2 Draw Down On Time Frame

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1432567.500	2	716293.750	2.711	.070
Within Groups	40432063.808	153	264261.855		
Total	41864651.308	155			

Tukey HSD

TIME	N	Subset for alpha = .05
		1
4 hours	52	55.67
1 hour	52	61.54
1 day	52	261.83
Sig.		.105

5.2.3 Draw Down On Indicator

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1067392.410	1	1067392.410	4.029	.046
Within Groups	40797258.897	154	264917.266		
Total	41864651.308	155			

5.2.4 Profit/ Loss Ratio on Time Frame

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	653.311	2	326.656	.790	.457
Within Groups	33897.497	82	413.384		
Total	34550.808	84			

Tukey HSD

TIME	N	Subset for alpha = .05
		1
1 day	24	5.5371
4 hours	31	8.5588
1 hour	30	12.4645
Sig.		.414

5.3 INDEPENDENT SAMPLE T - TEST

Account Balance and Indicator Group Statistic

	indicator	N	Mean	Std. Deviation	Std. Error Mean
Account Balance	leading	78	281.64	221.797	25.114
	lagging	78	579.03	574.737	65.076

Independent Samples Test

	Levene's Test for Equality of Variances	t-test for Equality of Means								
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
Account Balance	Equal variances assumed	12.820	.000	-4.263	154	.000	-297.38	69.754	435.183	159.587
	Equal variances not assumed			-4.263	69.437	.000	-297.38	69.754	435.784	158.088

CRITICALITY OF DATA IN SUCCESSION PLANNING – A CASE STUDY

V.VIJAYA*

VIPIN KUMAR**

ABSTRACT: This paper attempts to provide a framework for data in the design of a succession planning system. The study was carried out in a precision engineering company. The management intended to create an effective process to groom competent people to take up leadership positions for future organizational success. A succession-planning model was evolved for the Business Development Department. Literature survey and benchmarking provided the background data for the framework. An in-depth exercise of in-house consultation with the HR department and the managers of the Business development department was conducted to arrive at decisions on the required competence of the candidates to be groomed as successors. Competence was classified into three levels - core competence, technical competence and functional competence. Further, different levels of these competences were also defined in behavioural levels to differentiate between levels of proficiency with reference to a set of competence. The succession planning grid was created to help assess a candidate based on present performance and future potential. The modalities / milestones for implementation of the plan were also drafted as the standard operation procedures (SOP) to check for compliance of the succession planning system. The paper concludes with a presentation of a data categorization framework for the succession planning process based on the dimensions of time, level of specificity, preparation, data source and validation based on the principles of specificity and representativeness. This framework will be useful to build a system and related processes for succession planning within a company.

Key words :

Competency identification, Core competency, technical competency and functional competency, Potential grid.

INTRODUCTION: This case study is about the design of a succession planning system in a company involved in the precision engineering field of Automotive Instruments. It had a turnover of approximately 500 crores and employee strength of nearly 4500. With growing competition, the management realized the need to retain and groom a considerable number of people for future leadership roles. It began to explore the prospects of succession planning. In the larger framework of Work force planning

which includes many aspects such as recruitment, selection, performance management, compensation etc, succession planning can be seen as a smaller critical development initiative to ensure stability. It is a deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement. A complete success profile for assessing readiness to move upward as judged

*Faculty, T.A.Pai. Management Institute Centre for executive education, Mahayogi Vemana Road, IV B Block, Koramangala, Bangalore - 560 038.

Correspondence to be sent to vijaya@tapmi blr.org; phone : 4150 1900/1901

**PGP student T.A.Pai. Management Institute PGDM 2005 2007.

from performance consists of four components (Benthal & Wellins, 2006). They are experience, competencies, knowledge and personal attributes. All these four components are greatly dependent on each other in providing value to an individual candidate who wants to grow within the organization. Experience has to be assessed based on what the employee has already done; competence is a prediction of what the person is capable of. Knowledge is to be assessed based on what one knows and finally the personal attributes have to be judged by understanding the person and his/her goals and wants. They point out to evidence of superior business performance when there are high quality leader development programs and formal succession management programs in place in organizations. The succession management system establishes a process that recruits employees, develops their skills and abilities, and prepares them for advancement, all the while retaining them to ensure a return on the organization's training investment. (OSMP, 2002). Many models exist across different companies and government agencies in implementing the same.

Harrison et al (2006) have referred to four different levels of success which qualify an individual to be a promising candidate for leadership roles. The levels move from a simple contribution through dependence, on to independent contribution, next with contributions through others and the highest level characterized by a contribution that is of strategic relevance to the organization. They clearly differentiate succession planning from replacement planning where the latter is intended as preparation for a temporary stop gap

arrangement when an unexpected vacancy occurs. Benthal & Wellins (2006) state that to deal with the major challenge of finding qualified personnel, organizations have a number of options such as improving their process of identifying leaders, strengthening leader development programs and ramping up of succession management systems.

Review of Literature -

Careful review of some of those existing literature revealed that in order to be effective succession-planning programs have certain essential elements such as top management support, inclusion in the strategic plan, dedicated responsibility, top-down approach, performance of a needs-driven assessment, professional development opportunities, focused individual attention, extension to all levels of an organization as well as key stakeholder involvement (New York State Department of Civil Service, 2001) (IPMA, 2002)(AICPA, 2006).

Roth well (2002) has described a ten-step model of succession planning that includes clarifying expectations, establishing competency models, assessment of competencies, establishing of a robust performance management system, setting criteria for advancement, implementing development planning, articulating individual development plans, creation of a competency inventory, establishing accountability for the succession planning effort and finally the evaluation of the results of the succession planning effort. There is an important relationship between succession planning and career

The succession management system establishes a process that recruits employees, develops their skills and abilities, and prepares them for advancement, all the while retaining them to ensure a return on the organization's training investment.

A regular evaluation of the succession plan and process is critical. It should include a thorough review of the people in the plan, their demographics, development progress, current performance and recent assignments

planning. Benthall & Wellins (2006) observe based on one of their studies that internal sourcing of leaders was successful about 65% of the time. Identifying a pool of 'high potential' early in their careers and putting them into a specialised development 'acceleration pool' to prepare them for a variety of positions of the organization is important. Failure of internally sourced leaders, are due to poor people skills, personal qualities, poor fit with company culture, poor motivational fit with the job among other reasons.

It has been observed in the literature that the Human Resource department should be responsible for the design of the succession planning process and for policing the legitimacy of its implementation. Competency mapping should be broad based relying on multiple sources of information. A consistent assessment of the potential or readiness including a 360 degree feedback, feedback surveys are important. (Harrison et al, 2006). They also propose that a strong succession planning model must be able to assess whether the individual demonstrates the organisation's core competencies and whether he/she behaves in accordance with stated values and principles. Model development in core competency is best handled through a reverse engineering approach (Grigoryev, 2006). It has to start with an analysis on the desired outcomes expected for success in a position. Once, the outcomes are delineated, the behaviours that drive success in such outcomes are outlined. It helps capture technical, professional and soft competencies. The critical factor in the whole exercise is to translate the skills into measurable behavior to analyze as

well as to measure the competencies possessed by individuals. Rothwell (2002) refers to additional dimensions of value systems and codes of conduct in designing competency models to assess individual morals. (Benthall & Wellins, 2006). A regular evaluation of the succession plan and process is critical. It should include a thorough review of the people in the plan, their demographics, development progress, current performance and recent assignments (Harrison et al, 2006). Key assignments may include position rotations, task force memberships, managing without authority, job assignments or taking on roles that involve a higher level of responsibility.

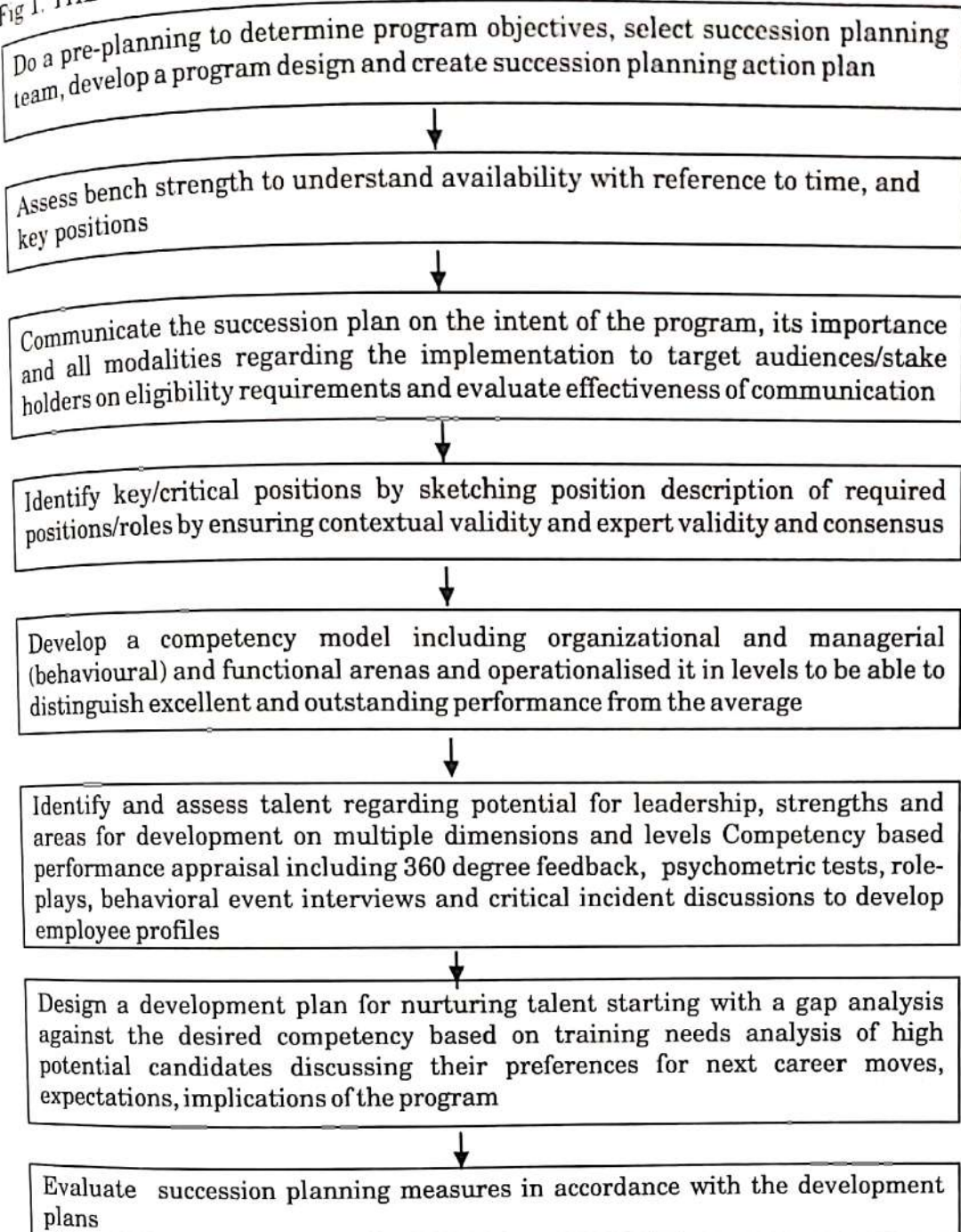
Objective:

To provide a framework for data in a succession planning exercise.

Methodology -

It is a case study. Based on literature review, a normative model is proposed and the detailed action plan / standard operation procedures (SOP) for compliance to the succession planning model is also suggested. The data collection was limited to the Business Development Department of the company. The succession planning model is designed as an eight - step model evolved after taking inputs from literature and analyzing their fit within the organisational context which included classification into technical, functional and core competencies. (New York State Department of Civil Service, 2001) (IPMA, 2002) (AICPA, 2006). The steps evolved in this model pertained to individual competencies rooted within the organizational context. The eight-step model is presented in Fig 1.

Fig 1. THE EIGHT STEP SUCCESSION PLANNING MODEL



Description of the eight stages of the process-

i) The preplanning of the succession planning – A team was formed in the HR function for the purpose of conducting a succession planning exercise for the Business Development department. The objective of the exercise was to

identify potential candidates in the Customer development division of Business Development for tomorrow’s leadership and then recommend suitable training initiatives to address competency gaps.

ii) Assessment of bench strength - Preliminary assessment revealed

The Succession planning team, hence, decided to conduct a focus group discussion for fine-tuning the Position description of customer executives and customer managers.

that none of the present candidates were currently eligible for elevation to the next level of hierarchy. The criteria of judgment for the HR was years of experience in the current position and prior knowledge of the candidates performance.

iii) Communication of the plan - Since the scope of the exercise was limited to the Customer development division of Business Development, communication channel was predominantly one to one conversation. A bird's eye view of the entire exercise was given to the participants at the start of the procedure. The intent of the

communication was to clearly convey the link to help employees figure out how the succession planning will help or not help with regard to what they want to do in their life and in their careers.

iv) Identification of critical positions & preparation of position descriptions: The personnel under consideration in the BD Department for inclusion in the succession pool belonged to two broad bands of leadership levels (Middle and Senior Level) out of the total four levels that existed in the organization. The leadership levels in the organization hierarchy are shown in Table I below.

Position Hierarchy in the Business Development Department			
Management Level	Grades	Designation	Position
Top Management	13	Senior Vice President	
	12	Vice President	
	11	General Manager	
Senior management	10	Deputy General Manager	
	9	Senior Manager	Team Leader
	8	Manager	
Middle management	7	Deputy Manager	Customer manager
	6	Assistant. Manager	
	5	Senior Engineer / Officer	Customer executive
	4	Engineer / Officer	
Junior/frontline management	3	Junior Engineer / Officer	
	2	Assistant Engineer / Officer	
	1	Assistant	

Table I shows the position hierarchy in the Business Development department

Five of the personnel were in grade 4 and grade 5 and were customer executives. Two men were in grade 6 and had the position of customer manager in the organization. Only one person was of grade 9 and was the team leader. The position description exercise had already begun in the organization as a separate exercise. The Hay group template had been adopted by the human resource department as the tool for recording the position descriptions. Preliminary information about the

Business Development positions has been collected in the said template. The Succession planning team, hence, decided to conduct a focus group discussion for fine-tuning the Position description of customer executives and customer managers. The result of the focus group discussions leads to a defined structure for the data to be collected and organized to keep track of prospective candidates. The consolidated structure for the data is presented in Table II.

Competency-based position description form

Position Title		
Department		
Reports To		
Location (City)		
Date (Month & Year)		
1. BASIC PURPOSE OF POSITION :		
1.1 POSITION OBJECTIVE (Why it exists?):		
1.2. POSITION PURPOSE (To be given in one or two sentences on what it is expected to accomplish)		
Annual Operating Budget		
Annual Sales Revenue		
Profit for the Year		
Number of Direct Reportees :		
Number of Indirect Reports??		
2. RESPONSIBILITIES average % ge of time spent in a year to total 100, in order of importance		
3. MAJOR ACTIVITIES	4. PRINCIPAL ACCOUNTABILITIES (Key Measurable Results to be Accomplished)	
5. DECISION-MAKING AUTHORITY & CONTROLS		
a) Types of decisions made alone (without consulting superiors)		
b) Types of Decisions made in consultations with superiors (to understand the latitude the position has to make decisions)		
<i>Superior / Customers / Suppliers / Colleagues / Consultants</i>		
6. WORK RELATIONSHIPS:		
a) INTERNAL CONTACTS (with in organization)		
b) EXTERNAL CONTACTS (Outside the organisation)		
ORGANISATION/PERSON/ POSITION	MAJOR PURPOSE OF CONTACT	HOW OFTEN
7. MAJOR CHALLENGES/ PROBLEMS/ KEY FEATURES		
<u>Major Challenges (Current year):</u> 2 or 3 that challenge Job holders competence		
<u>Ongoing Problems:</u> (To be solved by job holder only)		
8. MINIMUM QUALIFICATIONS & EXPERIENCE (Hard Skills)		

Table II shows the position description form designed based on focus group discussion inputs

v) Development of the Competency model

Performance appraisal should be based on the competencies identified for each specific positions and should measure performance (results obtained during the period) and potential (predicted competencies). An assessment center should ideally screen

recommended candidates before formally inducting them into the succession pool. A list of potential competencies from a menu of competencies drawn from different private or public sources was created. The initial list of relevant KSA's after studying the relevant position description of role was elaborated. These are presented in Table III and IV respectively.

KRA/MOP
No. of Product Input Forms raised
Hit rate of Quote Conversion
Achieving optimum profit margin
Customer Satisfaction Survey Index
Increase of Wallet Share
Migration of loss making products into profit making ones
No. of RFQs generated for new products / existing products from new customers / Existing customers identified
New RFQs generated as a result of the promotional activities

Table III shows Objective Evaluation against measurable results stated in Position Description

The list of managerial and technical competencies was evolved after considering the priorities of the samples analysed. They are presented in the Table VII

Descriptive evaluation form
Critical incidents/personal experiences while executing responsibilities
Challenges encountered
Reasons for not performing up to level desired
Areas of strength and improvement
Learning from training
Future goals and objectives on a timed basis 1/3/5 yrs

Table IV shows the areas examined for a qualitative analysis of competence

Table II and III present a structure for objective data, for which there can be a standard interpretation based on facts. However, Table IV refers to the descriptive evaluation form which requires qualitative data and interpretation of the same. The appraisee and the appraiser had to jointly fill the form. The appraisee first works on it and then the appraiser adds his/her observations and predictions for the appraisee. This data is again assessed by a reviewer.

As a further step in mapping the competencies, four to five top performers in each role (based on 2-3 performance

appraisal data) were interviewed with intent to identify a list of competencies thought relevant to job performance. To identify the organization-related core competencies, a list of various competencies and behavioral indicators displayed by the top performers was created. An initial screening was then conducted to eliminate redundancy. This list was then presented to the Business Development Personnel and they were asked to list in order of priority. For instance the managerial competencies after screening when presented to one of the respondents yielded the results similar to that shown in Table V below.

Performance appraisal should be based on the competencies identified for each specific positions and should measure performance (results obtained during the period) and potential (predicted competencies).

Managerial competencies are the skills and attributes considered essential for staff with managerial or supervisory responsibilities and may vary across leadership levels					
Type	Class	SI No	Competency	Tick whether applicable	Rank Order
Managing Self	Attribute	1	Individual character, values and ethics	Y	6
	Attribute	2	Commitment to learning	Y	5
	Skill	3	Communication skills	Y	1
	Attribute	4	Motivation	Y	4
	Attribute	5	Initiative		8
	Skill	6	Business / Personal Etiquette		9
	Attribute	7	Risk Taking		10
	Skill	8	Judgment & Decision making	Y	2
	Skill	9	Flexibility	Y	7
	Skill	10	Analytical thinking	Y	3
Managing Others	Attribute	1	Team work & co-operation	Y	1
	Skill	2	Persuasiveness		8
	Skill	3	Building Trust	Y	4
	Skill	4	Relationship / network building	Y	5
	Skill	5	Supervision		9
	Skill	6	Negotiation And Mediation		7
	Skill	7	Developing & empowering others	Y	2
	Skill	8	Management Control		10
	Skill	9	Impact and influence	Y	6
	Skill	10	Team leadership	Y	3
	Attribute	2	Business Awareness	Y	1
	Skill	3	Customer service orientation	Y	2
	Attribute	4	Accountability	Y	6
	Skill	5	Continual improvement	Y	4
	Skill	6	Information seeking		8
	Attribute	7	Quality consciousness		9
	Skill	8	Conflict & Crisis Management		10
	Attribute	9	Achievement orientation	Y	3
	Skill	10	Planning & Organizing	Y	5

Table V shows an example of a response to a checklist to arrive at a set of managerial competencies

Among managerial competencies, an attribute has a cognitive focus, while a skill has a behavioural focus. A "building-block" approach to creating competency profiles was used. This approach entails creating competency clusters such as "core" (required for all employees), leadership by level and

functional/technical cluster for individual employees. This approach offers an excellent balance between simplicity and specificity since models for all employees can be "assembled" by adding building blocks from the three categories of competencies. Once a set of competencies had been identified as

Among managerial competencies, an attribute has a cognitive focus, while a skill has a behavioural focus. A "building-block" approach to creating competency profiles was used.

core, they were considered equally valid for all positions and hence were not to be determined again. Similarly the managerial competencies identified for a particular department was assumed to hold good for similar positions in another department also. But the technical competencies were assumed to vary across departments and across managerial levels too.

Based on the reverse engineering approach, various proficiency levels had to be spelt out for all the competencies in the directory. It was also felt essential to determine the degree to which these competencies are required in each type of position in the organization (benchmark levels). This assessment was made through interviews with incumbents of sample positions, using

the Position Information Questionnaire (PIQ). Various roles/levels were found to require various degrees of the same competency. For example communication skill desired in junior management level is different from that required for the senior management level.

Based on the priorities of the personnel the most important competencies were identified under three main headings such as the core competencies, the managerial competencies and the technical competencies. The managerial competencies were further classified into three categories such as competencies related to managing self, managing others and managing work. Table VI shows an example of the competencies evolved based on the building block approach.

Based on the priorities of the personnel the most important competencies were identified under three main headings such as the core competencies, the managerial competencies and the technical competencies.

Competency Types	Senior Manager in BD
Core competencies	Customer focus Quality conscious Continuous improvement
Managerial competencies (Vary across leadership levels)	Mentoring Crisis management Business development
Functional/technical competencies (Vary across departments and leadership levels)	CRM Market analysis Negotiation

Table VI shows a sample set of competencies evolved through the building block Approach for senior manager- Business Development

The list of managerial and technical competencies was evolved after considering the priorities of the samples analysed. They are presented in the Table VII

Managerial competencies		
Sphere	Priority	Competencies
Managing self	1	Communication skills
	2	Commitment to learning
	3	Judgment & decision making
	4	Analytical thinking
	5	Initiative
Managing others	1	Flexibility
	2	Developing and Empowering Others
	3	Impact and Influence
	4	Team leadership
	5	Relationship and Network Building
Managing work	1	Business Awareness
	2	Planning & Organizing
	3	Creative Thinking
	4	Conflict & Crisis Management
	5	Information seeking
Technical competencies		Legend for Technical Competency
Brand Management Quality function deployment Industry & competitive analysis Market analysis Product expertise Costing Pricing & negotiations Product management Packaging Logistics management Sales analysis Planning and forecasting Performance review management Profitability Analysis Quality Systems Management		Has theoretical understanding (1) Can perform under guidance (2) Can perform independently (3) Can perform independently and troubleshoot (4) Can perform independently, troubleshoot, train, lead (5)

The behavioural indicators for different levels enable specificity in understanding levels of competence.

Table VII shows the list of managerial and technical competencies for the Business Development Manager

The behavioural indicators for each of the competencies were now developed. Since such a dictionary already existed for all the competencies, it was borrowed from reputed sources (Spencer & Spencer, 1993). The Competency Dictionary developed for the organization was based on some sources dealing with Organisational core competencies comprising individual character, values and ethics, customer service orientation, team work and co-operation, organizational commitment, continual improvement and achievement orientation. The managerial competencies comprised of

communication skills, commitment to learning, judgment and decision making, initiative, analytical thinking, developing and empowering others, impact and influence, team leadership, relationship and network building and flexibility. The Managing Work competence included Business Awareness, Planning and Organizing, Conflict and Crisis Management, Information Seeking, and Creative Thinking and Innovation. The behavioural indicators for different levels enable specificity in understanding levels of competence. Some examples are provided in table VIII.

COMPETENCY: INDIVIDUAL CHARACTER, VALUES AND ETHICS (INTEGRITY)

Definition: Integrity is about acting in a way that is consistent with what one says (he or she “walks the talk”); that is, one’s behaviour is consistent with one’s values (values may Come from the organization, society, or personal moral codes).

Level 1	Level 2	Level 3	Level 4	Level 5
Acts Consistently, in the Workplace, according to Basic Values of Openness And Honesty.	Acts Consistent with Values and Beliefs.	Acts on Values When It Is Not Easy to Do So.	Acts on Values When Significant Cost or Risk Is Associated with Doing So.	
Expresses what he/she is thinking and feeling even when the message may not be especially welcome Shares information, insights, or comments about the work when it would be easier To refrain from being open about the situation.	Takes pride in being trustworthy Is honest in client relations. Serves all equally.	Publicly admits having made a mistake. Speaks out (diplomatically) when it may hurt a trusted relationship.	Makes sure there is full disclosure, mentioning the costs or drawbacks as well as the advantages of a deal Challenges powerful persons to act on espoused values.	

COMPETENCY: TEAM WORK & CO

Definition: Teamwork and Cooperation implies the intention to work cooperatively with others, to be part of a team, to work together, as opposed to working separately or competitively. Teamwork and Cooperation may only be considered when the subject is a member of a group of people functioning as a team, generally where he or she is not the leader (e.g., functional work groups, etc.). "Team" is broadly defined as any task or process oriented group of individuals.

Level 1	Level 2	Level 3	Level 4	Level 5
Cooperates	Expresses Positive Expectations of Team.	Solicits Inputs.	Encourages Others.	Works to Build Team Commitment And Spirit.
Supports team decisions, is a good team player, does his or her share of the work. Keeps other team members informed and up-to-date about what is happening in the group, i.e. individual actions, or influencing events Shares all relevant or useful information which might help the group to work Effectively, even if one is not required to share such information.	Expresses positive attitudes and expectations of others in terms of their abilities, Expected contributions, etc. Speaks of team members in positive terms, either to the team member directly or to a third party.	Genuinely values others' input and expertise. Wants all members of a group to contribute to a process Displays willingness to learn from others, including subordinates and peers. Solicits ideas and opinions to help form specific decisions or plans.	Publicly credits others who have performed well Encourages and empowers others, making them feel strong and important.	Acts to promote a friendly climate and a good working relationship regardless of Personal likes or dislikes. Builds good morale or cooperation within the team, including creating symbols of Group identity or other actions to build cohesiveness. Encourages or facilitates a beneficial resolution to conflict

COMPETENCY: COMMITMENT TO LEARNING

Definition: Commitment to Learning consists of recognizing personal strengths, development needs and evolving circumstances in the surrounding environment, and taking the necessary steps to improve current and future job performance.

Competency development activities such as coaching and mentoring were explored. In this mentors would be assigned to guide and assist the candidate with his/her development. Appropriate mentors within the organization can be identified based on their strengths that complement the weaknesses in succession candidates.

COMPETENCY: COMMITMENT TO LEARNING				
Definition: Commitment to Learning consists of recognizing personal strengths, development needs and evolving circumstances in the surrounding environment, and taking the necessary steps to improve current and future job performance.				
Level 1	Level 2	Level 3	Level 4	Level 5
Participates in learning activities and learns from one's mistakes.	Reflects on performance.	Identifies new ways of doing things and learning plans.	Anticipates future needs.	Pursues learning beyond the current job or identified need.
Is a willing participant in planned learning activities. Learns from one's current mistakes.	Demonstrates enthusiasm and motivation to learn. Reflects, analyses and learns from self and other's past performance, both successes and mistakes.	Invests time/energy/effort on the job to learn new approaches and new ways of doing things. Creates plans for development, and executes them to the extent that he/she is able to. Demonstrates curiosity to further individual understanding beyond immediate Requirements.	Anticipates future needs of the organization and identifies. Seeks opportunities to learn new things for current and future needs in one's job. Proactively searches for new learning to enhance knowledge and skills.	Goes beyond the context of one's current job and challenges and modifies assumptions / perceptions regarding how to optimize personal and organizational Learning. Uses intellectual capital to improve organizational learning and performance, and acts appropriately.

vi) Identification of talent and potential in Individuals

The current appraisal system in the organization did not adequately capture the position specific competencies. Thus a new format was designed which would assess an individual on competencies as well as performance. The newly designed performance appraisal format for the purpose of succession planning had a format in which the Competencies are first self assessed, followed by the appraiser and finally by the reviewer. For the purpose of training, inputs for competence level identification had to be taken through a 360-degree appraisal method wherein the feedback of the peers, the subordinates, and the superior's feedback are considered in

addition to self-appraisal. The 360-degree appraisal form to get an overall feedback on all the prospective employees was also designed on the managerial and technical competencies identified.

vii) Designing the development plan for prospective individuals:

Competency development activities such as coaching and mentoring were explored. In this mentors would be assigned to guide and assist the candidate with his/her development. Appropriate mentors within the organization can be identified based on their strengths that complement the weaknesses in succession candidates. Executive Coaching focusing on one-on-

one advice and feedback for improving personal, team and organizational performance was also explored. Identifying smaller role in assignments or special projects at current level, active role (but not leader) within key assignments, opportunities to function at greater level of scope (than current position) and getting peer review and feedback on interpersonal skills during a review form important components of the Development plan.

In getting into those exercises, the bench mark level of competencies for each position needs to be identified first. This was found to be beyond the scope of this project as inputs from several

personnel would be required to arrive at an optimum figure. Therefore, the system was structured in such a way that an individual's performance across competencies was compared against his weak areas in order to understand strengths and weaknesses. The proficiency level on any competency was to be compared across individuals to identify appropriate training interventions for the right individuals. This is a relative assessment procedure and is not on a strictly absolute note. The graphical display of competence level for one of the respondents for training need identification is presented in Fig 3.

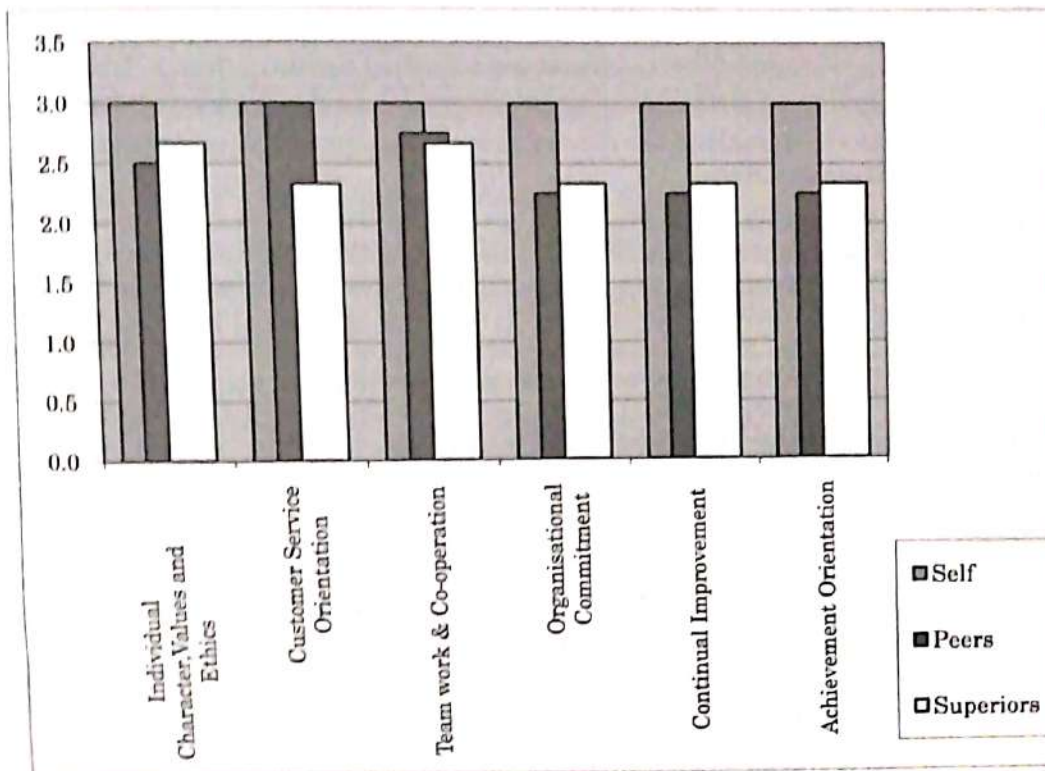


Fig 3 displays a graphical representation of a 360 degree feedback on competence for one candidate.

The proficiency level on any competency was to be compared across individuals to identify appropriate training interventions for the right individuals.

Based on this procedure, personnel were thus categorized as High potentials, who are the leaders for tomorrow and those identified for one or more promotions. The second category consisted of those suitable only at the current level i.e. growth within the level. The last category comprised of those unsuitable who will not continue to figure in the succession planning scheme.

The need is as perceived by self, peer and superior in six areas. The mean of the proficiency levels for the various competencies may be found out to know the need for a department/ organization wide development exercise. The competency levels and performance levels assessed through the performance appraisal mechanism and

the 360-degree feedback could now be used to plot the individual on a development matrix (Georgia merit system, 2000) to decide on actions that need to be initiated for the respective individuals. The results of a few prospective employees (fictitious names used) on both competence and performance is shown below in Table IX.

Name	Competence			Performance			
	Average score	Score as a % Of max	Excellent	V. Good	Good	Average	Poor
Vinod	152	85	Y				
Shiva	122	68		Y			
Shyam	111	62		Y			
Bala	96	62		Y			
Balaji	86	55			Y		
Karthik	82	53				Y	
Christopher	75	48				Y	
Arun	77	50			Y		

Table IX shows an example of the data of prospective employees on competence as well as present performance

Based on this procedure, personnel were thus categorized as High potentials, who are the leaders for tomorrow and those identified for one or more promotions. The second category consisted of those suitable only at the current level i.e. growth within the level. The last category comprised of those unsuitable who will not continue to figure in the succession planning scheme.

gaps of individuals. Correctly identifying the performance & potential of candidates and devising appropriate training schedules after due classification is to be done based on the need to map training needs to implementation of training in order to make the system effective. The Potential-Results grid used in this work (Georgia merit system, 2000) offers a systematic process for identifying appropriate training interventions. It is presented in Table X

Training should address competency

Potential	Performance		
High	High competence	High potential Shiva Shyam	High potential Vinod
	Moderate		High potential Balaji Arun
Low			Good performer Bala
	Low	Moderate	High

Table X shows an example of the plotting of the potential-Results grid to categorise the prospective successors based on the data from Table IX

viii) Evaluation and review of the plan

Many of the steps in the model appeared simple in the validation exercise carried out for the Business Development Department owing to its limited scope and size. However implementation across the organization was still thought to be a challenge and only after successful performance under such a situation, can the system be labeled effective. Benthall & Wellins (2006) observe that promotions are more

successful when there is involvement of line management and the data collected from the candidates is objectively assessed. The system created has helped ensure this to some extent. The final step of the study was concerned with validating the proposed model. The Business Development Department was offered as the sample by the Company officials owing to its high importance within the Company. The normative model was now proposed to be put into practice. The last step of the model addressed the need for any review of the proposed plan. In order to check on the effectiveness of the succession planning system, the following criteria shown on Table XI were proposed to the top management.

Criteria for evaluating succession planning
Readiness to assume leadership position
Record of successful promotions
Match of succession planning to individual career plans
Satisfaction of the prospective successors to programme component
Individual's progression through their developmental experiences
The implementation of the succession planning program as against stated objectives
Performance of internal replacements according to levels required
Percentage of positions in the organization who are able to fill successfully
Speed of response to filling vacancies
Percentage of internal filling of vacancies
Organisational successes and failures attributed to succession planning
Contribution of Succession planning system to documentable organizational results
Bench strength of successors before and after implementation of succession planning

Table XI shows some criteria set forth to evaluate the effectiveness of the succession planning

Benthall & Wellins (2006) observe that promotions are more successful when there is involvement of line management and the data collected from the candidates is objectively assessed. The system created has helped ensure this to some extent.

Discussion of the data framework in succession planning –

In order to ensure that all the steps in the normative model for succession planning are effective, the data that supports the evidence to the progress of an individual has to be as comprehensive and as objective as possible. There are two principles for ensuring objectivity of data. One is specificity of data, which has to deal with the nature of the data itself. If the data are fact-based and quantitative, there cannot be variations in the interpretation of the facts. If the data is qualitative, then the details of enquiry will have to be converted to a measure as specific as possible with well-defined parameters. For example, to understand and assess behavioural competencies,

the template for behavioural attributes that describes operationalisation in specific levels (Table VIII), was very helpful. The second principle is representativeness of the data that ensures the validity of the data. For example, the 360 degree feedback is one valid method in ensuring the identification and assimilation of data that is representative of all key stakeholders (Fig 3). The time dimension in terms of looking at past performance, present performance and assessment of future potential is yet another example. Based on the steps evolved for the model in this study, a set of areas have been identified that have to be focused while collecting and maintaining succession planning data integrating these two principles. They are presented in Table XII.

In order to ensure that all the steps in the normative model for succession planning are effective, the data that supports the evidence to the progress of an individual has to be as comprehensive and as objective as possible.

Areas of succession planning based on representativeness and specificity	Categories of data			
	Time	Past	present	Future
Competencies	Organisational	Technical	Managerial	
Preparation	Prospective candidate	Managers	Top Management	
Data source	Prospective candidate	Managers	Peers /customers	
Data validation	Prospective candidate	Managers	Top Management	

Table XII presents the dimensions that need to be considered to ensure objectivity in the succession planning system

There are five important areas that need to be focused while collecting and maintaining data in the process. They are time, representing data of the past, present and future; competencies, related to organizational, managerial and technical areas; preparation by the top-management, the manager and the prospective candidate; data source-from customers/peers, managers and the employees themselves and the data validation to be done by the prospective candidate, managers and the top management. A systematic and objective approach to data with adequate validation will ensure both distributive and procedural justice which is important pillars of ensuring acceptance of such critical human resource development initiatives as in succession planning.

Conclusions and Recommendations-

Succession planning is an important and valuable exercise. It involves a specific methodology and a set of data that needs to be collected and maintained. One of the most important decisions is regarding who takes the responsibility for the data. The prospective candidate himself/herself has to take onus of proving one's performance and potential. The manager is responsible for the collection of this set of data. The top management has to design systems in place for maintenance of this data. Proper systems in place will play an important role in a successful succession planning exercise. The two principles of specificity of data and representativeness of data and the five focus areas in the design of the system will ensure that all the three stakeholders are adequately able to provide and maintain data.

References -

Benthal .P & Wellins. R (2006), "Trends in Leader Development and Succession", Human Resource

Planning, 29 (2), 31- 40.

Grigoryev .P, (2006), "Hiring by competency models", The Journal of Quality and participation, winter, 29 (4) 16-18.

Georgia merit system, 2000, www.gms.state.ga.us/agency/services/planning/index.asp

Harrison .M, McKinnon .T& Terry .P (2006), 'Effective succession planning', Training and Development, Oct, 22-23.

H a y g r o u p s e r v i c e s , www.haygroup.com/ww/Expertise/index.asp

International Personnel Management Association, Workforce Planning Resource Guide for Public Sector Human Resource Professionals (2002) <http://www.hr.state.tx.us/workforce/guide.html> Last accessed on 10th April, 2006

Office of the Strategic Management planning (OSMP), Nov 2002, <http://073.webstaging2.cit.nih.gov/documents/SuccessionPlanRpt.pdf>

Our Workforce Matters -A guide to workforce and succession planning, New York State Department of Civil Service (2 0 0 1) www.cs.state.ny.us/successionplanning/planning Last accessed on 10th April, 2006

Roth well .J.W (2002), 'Succession planning for future success - The quiet crisis of succession' Strategic HR Review, 1 (3), March-April, 30-33.

Spencer. M. L & Signe, Spencer Competence at Work: A Model for Superior Performance John Wiley & Sons Inc, 1993, 19- 25.

The State of Succession Planning and How to Handle the Process in Your Firm, A White Paper from the AICPA. Private Companies Practice Section (PCPS), pcps.aicpa.org/NR/rdonlyres/D1C10A9F-6592-4315-B686-FD27CB55B6BA/0/PCPSWhitePaper_SuccPlan.pdf Last accessed on 10th April, 2006.

The top management has to design systems in place for maintenance of this data. Proper systems in place will play an important role in a successful succession planning exercise.

R.V. INSTITUTE OF MANAGEMENT

SUBSCRIPTION FORM

	Term	No of Issues	You Pay Only
<input type="checkbox"/>	1 YEAR	2	500

PERSONAL DETAILS (PLEASE FILL THE FORM IN CAPITAL LETTERS)

NAME: (Mr. / Ms. /Mrs.) _____

NAME OF THE INSTITUTION: _____

DESIGNATION : _____

ADDRESS: _____

CITY: _____

STATE: _____ PIN: _____

TEL(O): _____ TEL(R): _____

MOBILE: _____

EMAIL: _____

PAYMENT DETAILS

DD/CHEQUE NO. _____ DATE _____

AMOUNT _____ BANK _____

BRANCH _____ DD/CHEQUE SHOULD BE IN

FAVOUR OF **DIRECTOR, R.V. INSTITUTE OF MANAGEMENT, PAYABLE AT BANGALORE** '

TERMS & CONDITIONS : This is a limited period offer. Rates & offer valid only in India. Allow 3-4 weeks for processing of your subscription. it will not be possible to entertain any request for cancellation of the subscription. Please mention your name & address on the reverse of the Crossed Cheque/DD. Do not send cash.

Subscriber's Signature _____

Send Subscription to :
The Chief Editor

R.V. INSTITUTE OF MANAGEMENT

CA 17, 26th Main, 36th Cross, 4th 'T' Block, Jayanagar, Bangalore - 560 041

Ph: 080-26547048, 42540300 • Fax: 080-26654920 Email :rvimjournal@gmail.com, journal@rvim.in • Website : www.rvim.in

CALL FOR PAPERS

RVIM Journal of Management Research invites original, research-based papers and cases in the area of Management. This journal publishes papers of interest to academicians and business practitioners. The journal will include papers that will widen the horizon in management thoughts. If the research work was presented in seminars the details of the same should be mentioned with acknowledgements to the reviewers. The guideline for contributor of manuscript is listed below:

Format

Manuscripts should normally be of about 5000-8000 words (10-20 A-4 size pages), typed double space, 12-point Font, in Times New Roman. Microsoft word for windows is preferred. Manuscript should be sent in duplicate with the coverage page bearing only the title of the paper and authors' names, designations, official addresses and phone/ fax numbers. American spelling to be followed in the manuscript.

Abstract of about 150 words with 3 to 5 key words should be prepared in a separate sheet.

Tables and Figures

Each table and figure should be indicated by marginal notation where each table or figure should be inserted in the text.

References

References should be placed at the end of the manuscript. Arrange the reference list in alphabetical order of author's surnames. The author's surname is placed first, followed by initials, then the year of publication is given followed by details of the publication.

- <http://www.ilru.org/healthwellness/healthinfo/wellness-definition.html>
- **Internet site:-** URL:<http://www.ipd.co.uk>.

Use of numerals

(5 percent), distance (5 km) or age (10 years old.) (21st century)

Literature citations

Quotes should be cited accurately from the original publication and use double quotes. Apart from the author and year, page number should be mentioned for quotes. (Dr. T.V. Raju & Dr. R. K. Gopal, 2005 pg 22)

Capitalization should be kept to the minimum and should be consistent.

Book Review

Book reviews must provide the following details, and in this order: Name of author / title of book reviewed / place of publication / publisher / year of publication / number of pages in Roman and Arabic figures to include preliminary pages/ and price, with binding specification such as paperback or hardback.

Submission of manuscripts

Manuscripts sent for review should be original work which has not been previously published or submitted for publication elsewhere.

The name of the publication usually a book or journal appears in Italics.

Example:

- **Book:-** Hair, J.F., Anderson, RE., Tatham, RL., & Black, W.C. (1998). *Multivariate data analysis 5th ed.*. Upper Saddle River, NJ: Prentice Hall
- **Journal:-** Keng, KA, Fung, K., & Wirtz, F. (2003). Segmentation of library visitors in Singapore: Learning and reading related lifestyles. *Library Management*, 24(1/2), 20-33
- Newspaper article:- P R Sanjai (01.01.2008) Expect airlines to fly back into profit. Mint, The Wall Street Journal, Bangalore
- Newspaper from Internet:- Chandran, R (2002, February 28). Branding India. The Hindu Business Line. Retrieved January 10, 2007 from <http://www.blonnet.com/catalyst/2002/02/28/stories/2002022800010100.htm>
- Journal published on the Internet :- Ardell, D. (2002). What is wellness? The Institute of Rehabilitation and Research. Retrieved January 14, 2007 from

Manuscripts sent for review should be sent in a CD with three folders:

1. Title page, 2. Abstract and 3. Manuscript. Name of the author and the title of the manuscript should be written on the CD in capital letters.

Manuscripts, which do not conform to those guidelines, will not be either considered for publication or sent back.

Those submitting papers should also certify that the paper has not been published or submitted for publication. If this undertaking is not given, the manuscript will not be sent for review.

In case a quick track review is required, special request can be placed by the author and on a case-to-case basis; the editor will deal with the issue, with the author's interest in mind.

An author will receive five off prints and a complimentary copy of the issue in which his/ her paper appears.

Manuscript and all editorial correspondence should be addressed to :

The Chief Editor

RVIM Journal of Management Research,

CA 17, 26th Main, 36th Cross, 4th T Block, Jayanagar, Bangalore - 560 041

CONTENTS

Pg 1-11	EXPLORING RURAL INDIA : A NEW FACE OF INDIAN TOURISM <i>MS. ANAGHA SHUKRE</i>
Pg 12-25	THE MARKETING PROBLEMS OF SMALL SCALE ENTREPRENEURS <i>DR. BRINDA KALYANI P R</i>
Pg 26-40	A STUDY ON BANKING HABITS AMONGST FARMERS IN RURAL AREAS OF SHIMOGA DISTRICT IN KARNATAKA STATE <i>DR. R. NAGARAJA</i>
Pg 41-50	UTILIZATION OF FUND TO IMPROVE PROFITABILITY OF MULTINATIONAL COMPANIES IN INDIAN PHARMACEUTICAL SECTOR: A STUDY <i>MR. KAUSHIK CHAKRABORTY</i>
Pg 51-62	SIGNIFICANT FACTORS INFLUENCING THE PARAMETERS OF INDUSTRIAL RELATIONS IN AN ORGANISATION <i>PRUTHVIRAJA PANDE DR. S. RAMESH</i>
Pg 63-74	ANALYSIS OF ETHICAL ATTITUDES OF MANAGERS IN SELECTED INFORMATION TECHNOLOGY COMPANIES AT CHENNAI <i>DR.V.RAMANUJAM</i>
Pg 75-88	WHAT APMCS CAN DO TO MOTIVATE FARMERS OF KARNATAKA TO MARKET THEIR AGRICULTURAL PRODUCE AT APMC YARDS. - AN EMPIRICAL STUDY <i>R.G. PATIL R.L. NANDESHWAR.</i>
Pg 89-100	SUPERIOR PRODUCTIVITY NEEDS EFFECTIVE COMMUNICATION SYSTEM: AN EMPIRICAL STUDY ON CONSTRUCTION INDUSTRY <i>DR. DEBAJANI SAHOO MR. S.SURESH KUMAR**</i>
Pg 101-109	STUDY ON THE FOREX TRADING STRATEGY FOR THE CURRENCY PAIR EUR/USD <i>DR. R. NANDAGOPAL L. S. SRIDHAR M. SATHISH</i>
Pg 110-127	CRITICALITY OF DATA IN SUCCESSION PLANNING - A CASE STUDY <i>V.VIJAYA VIPIN KUMAR</i>