

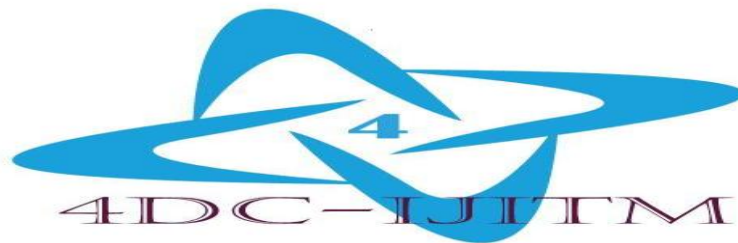
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Need and Impact Of Gap Analysis On Training In Indian Automobile Industry

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ABSTRACT: In India Manpower is available in abundance but shortage is there for skilled manpower. Training is the widely accepted solutions to improve knowledge & skills of employees attached with automobile industries. This paper has attempted to find out the need and impact of gap analysis on training in Indian Automobile Industry. Secondary data was collected from the related literatures available. Primary data was collected through questionnaire and direct interviews among the employees of automobile industry. The survey findings show that the respondents strongly agree that gap analysis will help in finding out the training needs. Most of the respondents strongly favored conduction of skill gap analysis before training and development programs. Need gap analysis provide vital information for finalizing the topics, methods and the resources needed for training. In reality the gap analysis is not conducted in its actual spirit. The reports show that India is marching towards the economic super power status and the vast Indian consumer base with improved purchasing power is attracting the global automobile players to India. To sustain in this highly competitive market Indian automobile industry should enhance the skills of Indian work force through trainings which is backed by a well-designed gap analysis.

Keywords: Training, Gap Analysis, Training need assessment, work force, Automobile industry

INTRODUCTION:

The automobile industry in India can be said to have born in 1942 when Hindustan Motors was set up, to produce motor vehicles for the Indian population. Today, the Indian Automotive Industry is a significant contributor to the Indian economy, contributing nearly 5% to the country's GDP and about 17-18% to the kitty of indirect taxes to the Government, while investment outlay stood over Rs. 83,500 crores. Moreover, economic liberalization coupled with its technological, cost and manpower advantage have made India one of the prime business destination for many global automotive players.

The sector has moderate direct employment and significant indirect employment; it is estimated that the sector provides direct and indirect employment to over 13 million people. In India Manpower is available in abundance but shortage is there for skilled manpower. Training is one of the widely accepted solutions to improve the knowledge & skills of the employees attached with automobile industries.

The Indian automobile industry is keen to provide different types of training to its workforce for the skill development. Mainly there are two types training system in automobile industry, routine training and need based training. Routine training is conducted as per the pre decided schedule on regular basis. Need based training is conducted as per the requirements of the time. The need is arising due to the market pressure, technological advancement, policy change, new induction etc... Training need assessment is done to identify the training needs.

Training is defined as development of knowledge, skills and attitude to perform better in present and future jobs. Knowledge refers to thinking or head. Skills relate to performing or Hands. However, attitude relates to feeling or heart, which will ultimately influence translation of knowledge in to skilful performance

Training needs analysis process is a series of activities conducted to identify problems or other issues in the workplace, and to determine whether training is an appropriate response. The needs analysis is usually the first step taken to cause a change. Training need analysis is conducted to determine whether resources required are available or not. It helps to plan the budget of the company, areas where training is required, and also highlights the occasions where training might not be appropriate but requires alternate action.

Gap analysis is a technique for determining the steps to be taken in moving from a current state to a desired future-state. Also called need-gap analysis, needs analysis, and needs assessment. Skills gap analysis is an evaluation tool for determining training needs of an individual, group or organization. The analysis reveals the differences between the required and the existing skill levels and the recommended strategies for reducing the differences or closing the gap

Gap analysis consists of 1) Listing of characteristic factors (such as attributes, competencies, performance levels) of the present situation ("what is") 2) Cross listing factors required to achieve the future objectives ("what should be") 3) Highlighting the gaps that exist and need to be filled. (www.businessdictionary.com/definition/gap-analysis.html)

The following table shows the skill gap to be filled to meet the requirements of Indian Automobile Industry by 2022.

Table 1: The required skill level and skill gap in automobile industry

Level	Skills Required	Skill gap
Shop head	<ul style="list-style-type: none"> - Clarity in communication - In-depth knowledge of Automobiles, - In-depth knowledge of manufacturing processes - Ability to map business requirements into production specifications - Ability to minimize shop downtime - Ability to supervise and manage personnel and ensure that production levels are met - Ability to understand the training needs of workmen and supervisors and help design training programs 	<ul style="list-style-type: none"> - Tendency to be inflexible - Insufficient understanding of automobiles, - Tendency to be narrow minded and resist changes - Inadequate ability to liaison with various production lines and departments - Inadequate knowledge across all facets of the company's business - Inadequate understanding of financial/commercial impact of their decisions
Supervisor	<ul style="list-style-type: none"> - Understanding of latest production techniques - Ability to ensure that daily production line targets are met - Ability to understand differences in product lines - Ability to manage the available resources - Knowledge of concepts such as Six Sigma, JIT, TQM, Kaizen, 5-S - Ability to allocate suitable work to workmen based on the skill levels 	<ul style="list-style-type: none"> - Inadequate interpersonal Skills - Tendency to be hand-in-hand with workmen - Inadequate understanding of end-to-end processes - Inadequate business knowledge - Inadequate understanding of quality concepts such as Six Sigma, JIT, TQM, Kaizen, 5-S - Inadequate ability to work with and give instructions to workmen who are older
Operator / Workman	<ul style="list-style-type: none"> - Basic literacy, analytical ability and the ability to understand and follow shop floor instructions - Relevant knowledge of working of vehicle systems - Ability to operate and / or maintain both general and special machines - Ability to adhere to standard Operating Procedures - Ability to carry out basic trouble shooting of machines 	<ul style="list-style-type: none"> - Tendency to consider only the current activity - Inadequate trade knowledge and poor application of the available trade knowledge - Availability of drivers, painters and operators for high-tech machines - Insufficient ability to communicate problems faced during the daily routine - Tendency to form unions and disrupt regular working

	- Ability to perform operations requiring multiple skills	- Insufficient understanding of industrial rules, discipline, work related procedures - Absenteeism is a concern in this cadre
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Source: Human Resource and Skill Requirements of the Auto and Auto Components Sector, Study on mapping of human resource skill gaps in India till 2022

By applying skill gap analysis across a company it is possible to find out which skill and knowledge shortfalls there are in an organization. It is then possible to target training resources on these necessary skills that require the most attention. This should result in the optimal use of resources in terms of improving the overall performance of the company.

Need of gap analysis: • A skills gap analysis can provide a critical overview of a company, allowing management to determine if staff has the necessary skills to meet corporate objectives or achieve a change in strategy.

- It provides an analysis of skill gaps in an organization, department, or role.
- Analysis helps companies to prioritize their training resources.
- Analysis can help with recruitment and training, and it gives management a basis for deciding which staff should be retained and which are expendable.

The automobile industry being a multi skilled industry requires many skills. The industry is demanding advanced skills to face the fast changes due to the technological advancements, fast changing demands of the customers, and the stiff competition from the competitors.

The following table shows the required skill level and the skill gap in the automobile industry.

RELATED STUDIES: The ultimate aim of every firm is profit maximization. It requires high productivity level and optimum utilization of resources. Productivity can be maximized by training the employees to achieve high skill levels with advanced technologies. To provide proper training the firm should know the fields in which they are lagging and the fields in which the firm should improve. Gap analysis is a proven method to analyze where the firm is now and where it should be to achieve its goals.

Ray S (2012), states that “The globally successful auto makers will make their base in places which are high on productivity factor and capacity utilization and where essential competitive advantages of the business can be created and sustained. It would also involve core products and process technology creation apart from maintaining productive human resource and reward for advanced skill”. Gap analysis is applied by firms, who are keen to bring their company up to the international standards.

In the opinion of **Chukwunye Iheanacho Okereke et al. (2011)**, training and manpower development relevant to organizational goals should be provided to employees and recipients provided with an enabling environment to perform tasks (the enabling environment includes opportunity to put into practice the new skill and competence they acquired; commensurate monetary reward to, perhaps, compensate them for the rigors experienced in acquiring the new skill and competence.

Mark Pitchford and Bill St. Clair (2010), stated that “as companies begin to incorporate ISO/DIS 26262, the easiest way to prepare a plan for business evolution is by gap analysis. The methodology starts by gathering data, then analyzing them to gauge the difference between where the business is currently and where it wants to be.” No modern firm with aspiration to excel among competitors can afford the loss of a skilled labor.

According to **Haslinda Abdullah (2009)**, Training and development can help in supporting company’s competitiveness by increasing the company’s value through contributing to its intangible assets. However, in designing effective training and development programs and activities, the first step in the instructional design process is the most crucial process in which it has to be properly and correctly conducted. Indeed, improperly and incorrect training needs assessments can lead to disastrous effects.

Badri Narayanan G. Pankaj Vashisht (2008) found that “Firms argue that firing a well-performing employee is not even in the firm’s interest, because skill availability is another major bottleneck in India. Many firms feel that their per-unit cost could be brought down by a significant proportion, mainly through higher labor productivity, if suggested labor reforms are implemented.”

According to **Jonathan H. Westover (2008)** an effective training program begins with an honest assessment of the needs of the organization and the individual employee. Needs assessments are designed to provide input on how to best structure training programs to enhance organizational performance.

Becci, (2006) pointed out that different level of training is required for the people with high qualification and those with low qualification. Extensive training and high motivation is required for those with low qualification and that is truly necessary to make them able to work with other highly qualified people

According to **Nick Bloom et.al (2004)** the application of novel teaching technologies such as video conferencing, electronic performance support systems, simulation and virtual-reality training and web-based training is expanding and has many attractions over more traditional modes of learning, for example in terms of potential cost-effectiveness and reach.... Many pressing research questions need to be addressed, such as how to best teach knowledge, skills and abilities using different modes of technology, the roles to be played by the trainee and the trainer, how to evaluate the effectiveness of such programs, how such training programs affect trainees willingness to participate in training, and so on.

Campbell (2001) believes that latent skills gaps can be measured with regard to three main elements, identified when a company tries to improve its position in terms of growth or market position. Their first two elements are “...skill levels needed to achieve ‘best practice’ and the perceived skill deficiency when best practice is achieved.” The third element is “...a range of skills are required in order to move from the existing situation to a high performance position i.e. there are ‘transitional’ skill requirements”

The globally successful auto makers try to maintain productive human resource and reward for advanced skill. They compensate them for the rigors experienced in acquiring the new skill and competence. The easiest way to prepare a plan for business evolution is by gap analysis. The methodology starts by gathering data, then analyzing them to gauge the difference between where the business is currently and where it wants to be. Improper and incorrect training needs assessments can lead to disastrous effects. Many firms feel that their per-unit cost could be brought down by a significant proportion, mainly through higher labor productivity, if suitable labor reforms are implemented. The new recruits need to undergo a learning curve, through both formal training at training centers and on-the-job training, before they can be considered adequately skilled. It is in this situation the Impact of Gap Analysis on Training in Indian Automobile Industry gains relevance.

PURPOSE OF THE STUDY: This paper has attempted to analyze the need of gap analysis before training in Indian automobile industry. It also tried to find out the impact of gap analysis on training in this industry.

This industry is a significant contributor to the Indian economy. Economic liberalization coupled with its technological, cost and manpower advantage have made India one of the prime business destination for many global automotive players. To sustain in this field it is necessary to upgrade the existing human resource at par with the modern workforce at global level. This up gradation is possible through training. Training need analysis is the initial step in training process. The skill gap analysis will provide the actual skill level of the manpower at present and the required skill level to be achieved through training. This data can be utilized in planning the training program.

METHODOLOGY: This research is accomplished by the help of the secondary data which was collected from the earlier works done in this field and the primary data was collected through structured questionnaire from 50 employees from automobile industry and one to one interviews. The collected data was analyzed using appropriate statistical tools.

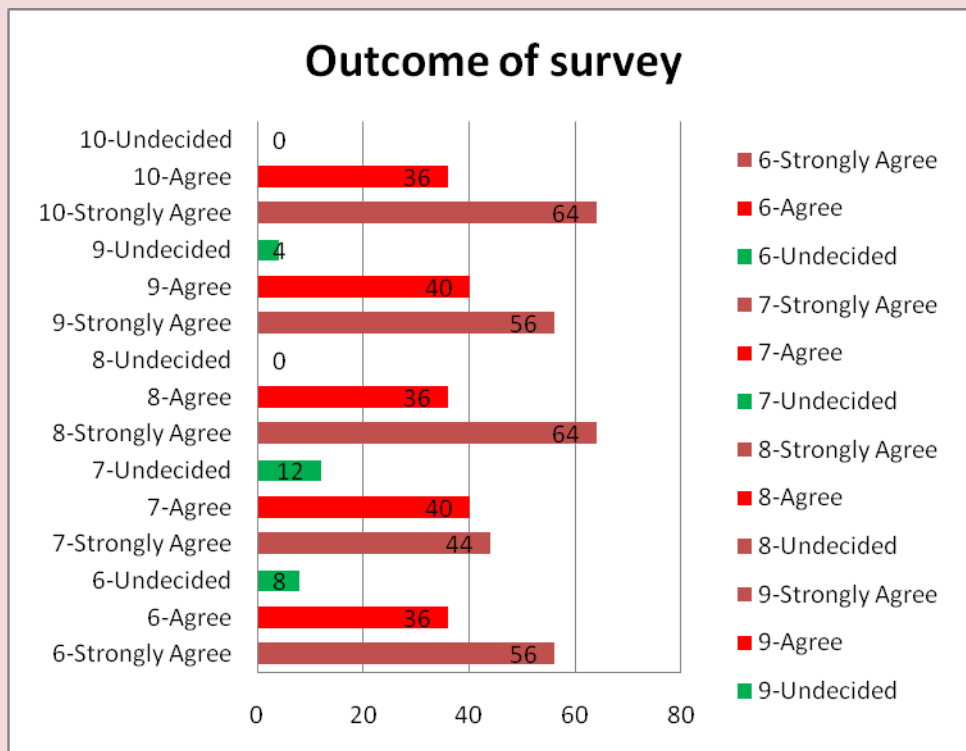
FINDINGS: Apart from the demographic data the following questions were asked to the respondents.

- Q 6. Will you consider yourself better now than when you joined the company?
- Q 7. Do you feel the organization gives due importance to the skills?
- Q 8. Do you feel Skill development helps to change the attitude to work?
- Q 9. Do you feel that skill gap analysis will help in finding out training needs?
- Q 10. Do you feel the skill gap analysis must be done before training and development?

The analysis of the data shows that 44% of employees strongly support that the organization gives due importance to skills, 40 % support it; 12 % are not in a position to evaluate it where as 4 % disagree to this. 64% of respondents strongly agree that the skill development changes the attitude to work and 36 % agree to it. It shows that 100% respondents are in favor of this opinion. 56% of respondents strongly agree that Skill gap analysis will help in finding out the training needs 40% agree to it and 4% are not able to assess the statement.100% respondents are in favor of conducting the skill gap analysis before the training and development in which 64% strongly support this idea.

The Automobile Industry gives keen attention to skills and skill development as it is the key to the success. Employees have the realization that skill development helps to change the attitude to work as the demand for the skilled workforce is too high and which improves the bargaining power in terms of compensation and reward. Training is provided to impart new skills and develop the existing skills. A skill gap analysis will help in finding out the areas where training is to be provided. So the respondents strongly support to have skill gap analysis before the training and development program. People with more experience expressed higher level of support to skill gap analysis as compared to the less experienced ones as they are aware of the drawbacks of the outcome of trainings conducted without proper skill gap analysis.

Graph 1: Outcome of the survey



Source – The survey conducted among employees of Automobile industry

DISCUSSION: Today most of the auto companies adopt training and development program such as induction training, apprenticeship training, coaching, sensitivity training, off-the-job, internship training etc to meet the long, medium and short term needs of both the company and the employees. The research findings through the Pearson correlation analysis shows that those employees who consider them better after receiving training shows a positive correlation to the opinion that the organization gives due importance to skills (PC 0.700), Skill gap analysis will help in deciding the training needs (PC 0.627) and Skill gap analysis must be done before training and development program (PC0.432). Those who have the opinion that the skill gap analysis will help in finding out the training needs shows a highly positive correlation to the fact that the skill gap analysis must be conducted before training and development PC 0.824).

RECOMMENDATIONS: In the emerging competitive market training is conducted to improve the skills of the employees and the skill gap analysis reveals the gap between the present skill and the required skill of the available human resource. Hence it will be a good tool to find out the training needs and so conducting the skill gap analysis is a must before every training and development program. Further the researcher through its survey found that in order to improve the existing system some of the emerging trends in human resource and skill requirements in the Auto and Auto Components Industry for its global competitive edge, it is mandatory to incorporate the following recommendations:

1. ***Human resource and skill requirements related to the emerging trends in the industry:*** As stated earlier, several emerging trends are seen in the Automotive Industry in India. These trends will in turn give rise to the corresponding human resource and skill requirements. Emerging trends include the inclusion of information technology based systems, advanced safety systems, efficient fuel systems, improved eco-friendly technologies etc... The gap in skills to handle such systems is to be analyzed enlisted and effectively filled through appropriate training methods to avoid the possible lag in productivity and to be at par with the international standards.
2. ***Increasing cost of human resources due to the advent of foreign players:*** With the advent of foreign players in the OEM space and with the demand-supply situation with respect to skilled human resources in the Automotive Industry in India being as it currently is, personnel currently employed at OEM's / Tier I suppliers are found to be "industry-ready" and they are thus being attracted by the foreign players into their fold. Thus a major challenge currently being faced by OEM's / Tier I suppliers, is retaining their skilled employees, thus leading to increasing cost of human resources. The demand for highly skilled manpower trained for handling modern technologies is increasing as the foreign players entering Indian Automobile industry is looking for such force who can be directly deployed to the production with minimum training and learning time. These firms are offering high remuneration for the skilled and trained candidates which is forcing the existing firms to pay more to retain the skilled and trained human resource with them.
3. ***Shortfall of human resources in vehicle design and styling functions:*** The focus on developing vehicle design capabilities in India is driving the need for qualified manpower with the requisite capabilities. Availability of qualified and talented vehicle designers is being considered as one of the biggest bottlenecks in designing vehicles in India. The supply side is also currently limited, with the Master in Design course being offered by some IIT's and NID Ahmadabad. However, in order to build competencies of global levels, continuous availability of a large pool of qualified and talented designers have to be ensured by the initiatives of the leading professional institutions to provide more world class training and skill development facilities by inclusion of such advanced fields in the curriculum and form the upcoming professionals at par with the international designers.

4. ***Increase in human resource requirements for vehicle financing and vehicle insurance:*** Vehicle financing and vehicle insurance are underlying support systems for the Automotive Industry in India and these may be considered as the enablers of growth of the Automotive Industry. The enabler segments are associated with providing indirect employment to personnel in the Auto Industry. Sufficient professionalism has to be brought in this field through dedicated training programs to the existing manpower as well as the aspirants. .
5. ***Increasing proportion of women in the workforce:*** The Automotive Industry in India is characterized by maximum proportion of the workforce being male. Women employed in the Auto Industry in India are mainly employed in functions such as design, HR, finance sales and in support office functions. These areas in automotive industry are different from other industries. So the requirements for training programs in these areas need to be framed after need analysis backed by gap analysis.
6. ***Skills that will be required due to the upcoming Inspection and Maintenance regime (including vehicle scrapping):*** Mandatory inspection and maintenance regulations, including vehicle scrapping norms for old vehicles since they contribute to a larger portion of carbon dioxide emissions are expected to come into being in the near future. These norms will help implement stricter safety and emission regulations and will in turn lead to employment in certain new areas covering the vehicle scrapping chain. The employees in this field are to be provided frequent updates of newly inducted laws and regulations and train them to practice such modern regulations to avoid inconvenience to the customers. The government is becoming more aware of the ecology and insisting for implementation of eco friendly technologies. Trainings should be diversified by including the impact of increased automobile use on ecology.
7. ***Multi-product integrated dealerships and the corresponding need for multi-skilled sales and service personnel:*** Currently in India, OEM's have their own dealerships that sell cars of only of one particular OEM - thus a Tata passenger car dealer is an exclusive Tata dealer and will not sell passenger cars of, say, Hyundai. This situation is expected to undergo a change in the near future, with multi-brand car sales dealerships setting up base. A separate sales force is to be developed with sufficient knowledge on the advanced technologies in automobile field and are experts to compare the features of one product with the other and convince the customer's requirements. With the growth of information technology the customers are blessed to have the latest information on the modern technologies incorporated in the automobiles with its technical parameters. This enables the customer to raise demand for their desired product with detailed specifications. Highly trained sales force is required to handle such customers.
8. ***Lack of adequate customer training facility.*** Customers are the end users of automobile products. To sustain in the competitive market all the firms are trying their best to incorporate modern technologies in their products. Most of the manufacturers are not keen to train their customers fully for maximum utilization of the features of their

products. It is necessary to have a skill gap analysis of the customers and train them sufficiently to use the advanced features properly.

9. **Organized used car industry:** The used car industry in India has traditionally been unorganized, and has been characterized by small players buying and selling vehicles and direct seller-to-buyer interaction. This scenario is already changing, with the advent of players such as Maruti True Value and Mahindra First Choice. The organized used car market provides several advantages to the end-customer - since vehicles purchased by used car dealers are thoroughly tested and valued accordingly, customers can be more sure of the quality of the product bought from used car dealers as against from unorganized players. A new level of sales advisers is to be developed through dedicated training to explore the vast possibilities in this field.

Graph 2: Category-wise incremental human resources requirement (in lakh) expected in 2022



Source: Human Resource and Skill Requirements of the Auto and Auto Components Sector, Study on mapping of human resource skill gaps in India till 2022

The above diagram shows a steep increase in the demand for the work force in cars and commercial vehicle segments. More attention should be given to form a sufficiently skilled human resource suitable for these segments in the near future. The professional colleges in collaboration with the higher education department has to design advanced courses and suitable curriculum which can enable the candidate to broaden their knowledge spectrum and make themselves available to take up the modern challenges in this industry.

CONCLUSION: India's Automotive Mission Plan envisages size of the Indian Automotive Industry to grow at 11.5%p.a. over the next decade to reach a minimum size of USD 165 to 175

billion by 2022. The Indian Automotive Industry faces a challenge in terms of developing human resource skills to achieve the said growth targets. The problems are twofold –

- India needs to train manpower to cater to the higher employment demand from the Indian Auto Industry.
- As India embraces global technology, skill enhancement becomes mandatory to improve technology and productivity. The Automotive Industry has also been recognized as an industry with a very high potential to increase employment and additional employment of 25 million people is envisaged by the year 2016 - 17. It is also estimated that by 2022, the Automotive Industry will employ an incremental 35 million people.

Foreseeing the large potential and demand ahead, it is necessary to form a workforce fit to answer the challenges of new era by training them in a suitable way. To provide the appropriate training a thorough Training Need Analysis is required. A Skill Gap Analysis will enhance to assess the present state of the human resource and to determine the level to be achieved to meet the future challenges.

ANNEXURE: 1 Correlations

VARIABLES	1	2	3	4	5	6	7	8	9	10
1 Pearson Correlation	1	.179	.220	-	-	-.008	-.276	-.013	.219	.323*
Sig. (2-tailed)		.213	.125	.261	.637	.958	.053	.926	.126	.022
N	50	50	50	50	50	50	50	50	50	50
2 Pearson Correlation	.179	1	-.153	.193	-	.184	.095	.176	.302*	.252
Sig. (2-tailed)	.213		.288	.180	.908	.201	.513	.222	.033	.078
N	50	50	50	50	50	50	50	50	50	50
3 Pearson Correlation	.220	-	1	-	-	.102	-.103	-.329*	.061	-.050
Sig. (2-tailed)	.125	.288		.310	.516	.480	.475	.020	.676	.730
N	50	50	50	50	50	50	50	50	50	50
4 Pearson Correlation	-.162	.193	-.146	1	.225	.103	.287*	.411**	.140	-.046
Sig. (2-tailed)	.261	.180	.310		.116	.478	.043	.003	.332	.753
N	50	50	50	50	50	50	50	50	50	50
5 Pearson Correlation	-.068	-	-.094	.225	1	.332*	.557**	.109	.233	.189
Sig. (2-tailed)	.637	.908	.516	.116		.018	.000	.451	.103	.188
N	50	50	50	50	50	50	50	50	50	50
6 Pearson Correlation	-.008	.184	.102	.103	.332*	1	.700**	.302*	.627**	.432**
Sig. (2-tailed)	.958	.201	.480	.478	.018		.000	.033	.000	.002
N	50	50	50	50	50	50	50	50	50	50
7 Pearson Correlation	-.276	.095	-.103	.287*	.557*	.700**	1	.426**	.503*	.221
Sig. (2-tailed)	.053	.513	.475	.043	.000	.000		.002	.000	.123
N	50	50	50	50	50	50	50	50	50	50

8	Pearson Correlation	-.013	.176	-.329*	.411*	.109	.302*	.426**	1	.534	.479*
	Sig. (2-tailed)	.926	.222	.020	.003	.451	.033	.002		.000	.000
	N	50	50	50	50	50	50	50	50	50	50
9	Pearson Correlation	.219	.302*	.061	.140	.233	.627**	.503**	.534**	1	.824**
	Sig. (2-tailed)	.126	.033	.676	.332	.103	.000	.000	.000		.000
	N	50	50	50	50	50	50	50	50	50	50
10	Pearson Correlation	.323*	.252	-.050	-.046	.189	.432**	.221	.479**	.824*	1
	Sig. (2-tailed)	.022	.078	.730	.753	.188	.002	.123	.000	.000	
	N	50	50	50	50	50	50	50	50	50	50

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

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

KEY: 1-Age, 2-Education, 3-Present job position,4-Training need decision, 5-No. of trainings attended in a year, 6-Do you feel better after training, 7-Organization’s attitude to skills, 8-Skill development and attitude to work, 9-Do skill gap analysis help in finding training needs, 10-Skill gap analysis be done before training ?

ANNEXURE: 2 - Frequency Table

Feel Better after training					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	28	56.0	56.0	56.0
	Agree	18	36.0	36.0	92.0
	Undecided	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

Organization support Skill development					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	22	44.0	44.0	44.0
	Agree	20	40.0	40.0	84.0
	Undecided	6	12.0	12.0	96.0
	Disagree	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Skill development changes attitude to work					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	32	64.0	64.0	64.0
	Agree	18	36.0	36.0	100.0
	Total	50	100.0	100.0	

Skill Gap Analysis helps in training need identification					
		Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Strongly Agree	28	56.0	56.0	56.0
	Agree	20	40.0	40.0	96.0
	Undecided	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Skill Gap Analysis must be conducted before training and development program

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	32	64.0	64.0	64.0
	Agree	18	36.0	36.0	100.0
	Total	50	100.0	100.0	

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Training Effectiveness Measurement – Ahead Of Reaction Level

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“Excellence is an art won by training and habituation.
We do not act rightly because have virtue or excellence,
But we rather have those because we have acted rightly.
Excellence, then, is not an act but a habit.”

- Aristotle

Abstract

Keeping in view the present turbulent scenario where the competition has increased faster than the resources, there is a constant urge to upgrade and develop the workforce to equip them with required skills so that organizations can cope with the dynamics of the growing business.

A lot of investments are made in training and development programmes in terms of time, efforts and money to remain result-oriented and accountable towards stakeholders. So the criticality of these programmes lies in the implementation and effectiveness they reflect.

To measure the effectiveness of training programs at organizations, generally a process is used to judge its value & also to identify and portray the effects of what has been done. That is why, there is an increasing recognition of the value of evaluation.

The present paper attempts to find out the effectiveness of training programmes via survey research approach at Organization ‘A’ which is a renowned name in education sector. For the purpose of the study, various training modules namely CSS module (Class Scheduled Sessions-Domain knowledge and communication), Article writing, Research Basics and Personality development (aptitude, group dynamics, interview skills) were assessed. A sample size of 50 trainees has been taken from different branches of Organization ‘A’ who underwent Faculty Training Program in different specialized areas viz. marketing, finance, human resource and information technology. Training Evaluation Model developed by B.R Virmani & Premila Seth is used to do a systematic study. A well structured pre- training questionnaire was used before the commencement of training programme.

Keywords: Learning index, evaluation, pre-training, post-training, evaluation, follow-up stage.

Introduction

“All genuine efforts towards training are bound to result in some learning and increase in KSA’s of the employees “. To accept this statement at face value, these questions remain unanswered:

- Are the employees better informed and equipped for the jobs after undergoing training?
- Are they able to perform better after training?
- Are they able to utilize their learning from training to further improve their performance?

As per training study conducted by Lewis and Thorn hills' in Britain (1994), 85 percent of British employers make no attempt to assess the benefits gained from undertaking training. The responsibility of the trainers is not only limited to make the employees learn but also enable them to actually implement the learning into work situation. The evaluation of the effectiveness of training programmes is critical because without it, organizations have no good way to know whether training pounds are being spent wisely. (Mann and Robertson, 1996)

Evaluation is the process of identifying and reflecting the effects of what has been done, and judging the value of it by the participants in the form of feedback to measure the effectiveness of training through quantitative and qualitative survey questions. How participants react to training program becomes the deciding factor for delivery of future training programmes or to bring changes in its delivery style.

Evaluation is concerned with the relevance, effectiveness, efficiency, impact and sustainability of what has been done. Currently there is an increasing recognition of the value of doing evaluation in a participatory way, that combines the skills and viewpoints of a full range of those involved.

Goldstein (1980) defined evaluation as “systematic collection of descriptive and judgmental information necessary to make effective training decisions related to the selection, adoption, value and modification of various instructional activities”. Buckley and Caples (1990) emphasized that “Training evaluation is the process of attempting to assess the total value of training: that is the cost benefits and general outcomes which benefit the organization as well as the value of the improved performance of those who have undertaken training”. The Manpower Services Commission (1981) in its Glossary of Training Terms defines evaluation as: The assessment of a total value of the training system, training course or programme in social as well as financial terms. Training evaluation as a systematic process of collecting and analyzing information for and about a training programme which can be used for planning and guiding decision making as well as assessing the relevance, effectiveness, and the impact of various training components (Raab et al., 1991).

Traditionally evaluation was carried out only after training was imparted to trainees but an effective training measurement is something beyond it. The task of evaluation should start before training program so as to know the actual skills possessed by trainees, what is the learning during

the training and finally the new skills acquired by them. A follow up study is also required to know the retention of learning of trainees.

Thus, to have an effective training programme evaluation should be included as a part of it and not something to be thought of at the end of training. Hence, evaluation should precede training and not follow it (Gulzar Jiwani, 2006).

It is important to evaluate training in order to assess its effectiveness in producing the learning outcomes specified when the training intervention was planned and to indicate where improvements or changes are required to make the training more effective (Armstrong, 1999). Bramley (1986) emphasized that training evaluation is necessary "to relate the training policy and practice to organizational goals". Evaluation has now become a mandatory activity for every organization due to numerous advantages offered by it.

As per Kearns and Miller (1996):

- It provides credible and solid foundation for Training & Development decisions.
- Provides a basis for maximising return on investment.
- Helps to categorise training by the type of return you will get from your investment.
- For those who get it right, it should lead to building up the training function, not depleting it.
- Automatically links T&D with strategic and operational business objectives.
- Ensures buy-in and commitment at all levels.
- Produces results that can act as a great reinforcer of learning and further motivate individuals to develop themselves.

The Present Study

Most of the organizations are adapting to the training programs for the sake of following a tradition. At the same time there are various organizations like TCS, Motorola, Wipro, HCL, and Infosys where an effective training program in place has given remarkable contribution towards generating profits & bringing productivity to the organization. Diversity education program is an ongoing process at Mc Donald's to create awareness and build skills for managing diverse workforce.

The present study is done with a purpose to examine the following objectives:

1. To find out the effectiveness of training programmes.
2. To determine the evaluation criteria which is followed by Organization 'A' while giving training to its employees?
3. To ascertain whether the training programmes conducted are practically useful in enhancing the skills, knowledge and attitude of employees.

4. To recommend certain suggestions to Organization 'A' for further improvement in the training programs.
5. To calculate the Learning Index of the trainees.
6. To facilitate Organization 'A' in increasing its effectiveness by observing the subsequent impact of trained employees on its growth.

Research Plan

The data was collected through primary source with survey research approach. The research instrument used was questionnaire cum schedule and employees were contacted personally. For the sake of maintaining confidentiality the name of the organization is not disclosed and the organization here onwards will be referred as 'A'.

Organization 'A' is a leading group in the education sector with national presence that offers post graduate programs with various specializations. The foundation has set up several institutions and professional bodies for imparting educational and training programmes. Currently there are over 1,00,000 students pursuing various programmes and over 27,000 alumni pursuing fast track careers. There are over 3,000 faculty members engaged in teaching and research.

Training practice at 'A'

Keeping in view, the present scenario that the number of competitors has increased faster as compared to the resources, it is the time to sharpen the axes i.e. either upgrading the existing resources or to look for best talent in the industry. Organization 'A' has set up 4 training colleges in different zones all over India.

Sample:

This study was carried out at one of the staff training college at Regional Office, Gurgaon, North Zone. A sample size of 50 trainees was taken and these trainees were faculties undergoing Faculty Training Program (FTP) of 1 month duration from different domain areas.

Sources of Data

Data used here were collected directly from the test conducted by the Staff College before the training, during the training and after the training through Feedback Form.

Objective of Faculty Training Program (FTP)

1. To improve the domain knowledge
2. To improve the communication and presentation skills

3. To bridge the gap between delivery mechanism and bring participants at par or close to the standards decided by the 'A'.
4. To understand common methodology and content for delivery
5. To understand each participant's current gaps and create a road map to improve upon them.
6. To define the course curriculum in structured formats viz. Lesson Plan, and MCQ's.
7. To equip each faculty participant with knowledge and insight into research methodology.
8. To enhance the art of listening and to take up the challenges of participating member's questions.

Procedure

Different training evaluation models were studied and we have incorporated Virmani and Premila's Model of training evaluation. Authors described that the needs of the participants are required to be assessed before structuring the training programme. It helps in motivating the participants to gain maximum, apply the learning's from training programme which in turn is beneficial for the organization. It is a well known fact that better the resources are, better will be the productivity.

It is suggested to use a well structured pre- training questionnaire, before the commencement of training programme. In our study, it was found that the immediate superior (Head of the Institute) took a counseling session with the trainees to convince and analyze the requirements and expectations from the training programme.

Virmani & Premila (1985) "Evaluation of the training programme can no longer be considered as perfunctory task with little analysis and usefulness, instead should be considered as a thoughtful process forming the base line for further progress and must help in justifying the investment in terms of time, money and energy. To be effective, evaluation should be included as part of the training programme, and not something to be thought of at the end of training. Hence, a plan of evaluation should precede training and not follow it."

Typologies of Evaluation Design (Table I see appendix)

The different stages in this model are:

I. Pre-Training Evaluation

1. Expectations of the participants from the program (need analysis).
2. Congruency between the objectives of trainees, trainers and organization.

Pre- Program Meet

The need analysis of all the candidates is done to make sure that the training program is in accordance to the requirements of the candidates.

II. Conduct of Training

1. To know the profile of the trainees – academic streams, experience in both Academics ('A' and outside 'A') and Corporate, age, qualifications etc. was taken in a defined format.
2. The trainees were given Entry Level Test comprising of objective and subjective type questions from their respective domain areas to check their knowledge before the training program. Pre training score of all the trainees was calculated
3. "Ice breaking" session was conducted for all the participants to know each other and open the lines of communication.

Context and Input Evaluation

1. The purpose of this evaluation was to understand the background of each participant and to get a direction on the kind of inputs and pedagogical tools relevant to achieve the objectives.
2. Consolidation of pre-training questionnaire and pre-program meet, gives direction to decide the level of training inputs.

III. Post Training Evaluation

The levels of evaluation after training are as follows:

1. Reaction Evaluation (feedback form)
2. Learning Evaluation (learning index of trainees and training program)
3. Job Improvement Plan
4. On – The Job Evaluation
5. Follow up stage

Modules

1. CSS module (Domain knowledge and communication)
2. Article writing
3. Research Basics
4. Personality development (aptitude, group dynamics, interview skills)

Reaction Evaluation is a measure of immediate reaction and feelings of the participants about the programme. That is why, after the completion of training program, the trainers were asked to fill up feedback form to bring out information about following factors:

- Knowledge of faculty
- Aids used
- Relevance of content
- Utility and benefit

- Time allotted
- Objectives achieved

Observations & Findings

1. 97% of the trainees felt that trainers were good speakers and knowledgeable and their method of delivery was interesting and effective.
2. Trainees were completely satisfied(100%) with the aids used and the contents were relevant and appreciated by the trainees scoring 97%.It ultimately helped in achieving 90% of the objectives of Faculty Training Program.
3. 97% of the trainers felt that the overall program was highly effective and purposeful.
4. The trainees felt that inputs from the program can be used to considerable advantage in academic life (scoring 87%) because of the appropriate and user-friendly learning process where the trainees were encouraged to participate actively in the whole process. However, 30% of the trainees were not very pleased with the long duration of program.

Learning Evaluation

Although reaction evaluation gives a good measure of immediate reactions of the participants but still it cannot be relied upon to an extent in deciding the changes related to the content design, instructors and methodology of the program. A more substantiated proof can be obtained by measuring the learning index of the participants in different modules used within the training program by the following formula:

$$\text{Learning Index} = (\text{Post training score} - \text{Pre training score}) / (100 - \text{Pre training score}) * 100$$

Comparison of Reaction & Learning Evaluation

The parameters of reaction evaluation were compared with the learning scores of different modules in learning evaluation to get a true indication on the degree to which the trainees gained from the programme. (Table II see appendix)

Inferences

According to the scores of learning evolution, CSS was found to be the most effective whereas written exam was the least effective module of the training programme. It is interesting to know that CSS was liked the most by the trainees because they had the perception that CSS is most important for the profile of a faculty. It also indicates that the trainers emphasized more on the delivery style, communication and teaching skills and encouraged the trainees to put in more efforts for their participation in this module. This is evident from the score (97%) of the reaction evaluation that highly knowledgeable faculty, along with the ability to use the aids in improving the intended skills in the trainees were

adequate and the process was user friendly. That is why it has a significant impact on the role of learning.

Sectoral study presentation module was taken up to empower presentation and analytical skills among the trainees. The score came out to be second highest which depicts that participants showed great interest in this module because of its relevance with the actual corporate scenario and applicability in the real world situation. Moreover, participants' inclination towards research based studies also led to create interest in this module. The score of reaction evaluation stands out to be 97% supporting the LI score in the development of content part to be more relevant and useful.

It was surprising to find that learning Index (LI) of module on article writing was as low as 7% Creativity & knowledge building although at the time of reaction evaluation, trainees gave higher ranking to the inputs of the programme to be used further in academic life and achieving high business results as faculties (87-90%). The reason for this low score of L.I. might be because it was first attempt for many of the trainees in this area of academic requirement.

The pre & post test scores of written exam was not found to draw positive LI for all the trainees. It gives insight that interest generated among the trainees in particular modules plays a crucial role in achieving higher LI. Thus, it can be treated as a lesson for trainers and module developers to throw more light on the significance of this module in content development and knowledge building for the trainees, via discussions. This module scored lowest when compared with all other modules, highlighting the significance of approach towards the trainees. (Table 1.2 see appendix)

Follow- Up Stage: The ultimate objective of any training programme defines how the success rate of it can be related to the productivity of the organization. That is why evaluating the trainees after a gap of few months of completion of training programme is thought to be the best measure to see the real impact and applicability of learnings to the real job situations. Follow Up stage is found to be the most reliable in evaluation to give a clear cut picture of the training efforts. The trainees were contacted personally and interview method was adopted to take the opinion of the trainees and their superiors to substantiate the responses on their adoption of learning from the training programme. (Table I see appendix)

Analysis of the Follow- Up Stage: Questions asked during interview helped to get information on the following:

- 1) Whether the objectives of training program were achieved /not achieved/partially achieved- analysis supported that more than 70% participants felt that they performed much more effectively & confidently in class room situations which gave evidence of the effectiveness of the training program.

- 2) Whether the techniques/concepts, ideas& skills developed during the training were brought to action and to what extent – Analysis showed 60% of the trainees& their superiors responded positively towards attempts made to bring changes in methodology of teaching & move towards value addition of self in form of inclination towards research work.

Conclusion and recommendations

A person keeps on learning throughout the life. Source can be any, family, friends, peers and superiors at the work place. Learning to do things the way they need to be done should be shared. All organizations work towards bringing their employees to the desired standard of efficiency. Enduring success is based on sustained and focused efforts. It's all about making the best use of innate abilities, fostering and developing, the people resource by effective coaching, mentoring and training.

Evaluation of training is linked to the “WORTH” of training activities. The gathered information serves many purposes, for instance, the process and designing of training can be altered to achieve the desired changes in organizations. A well planned evaluation can provide the guidelines to improve quality of future workshops, to justify the cost involved and simultaneously, list out most effective methods of learning to adopt in future.

Use of Virmani and Premila model of evaluation in our study helped in drawing following inferences:

- As pre-training evaluation suggests need analysis of participants holds a lot of importance to align training goals between organizations, trainers and trainees. The study reveals that this stage requires more attention and should be clearly defined by organization ‘A’ to make the intent of training programme clear to the learners.
- Following the reaction evaluation, it is recommended that the identity of the trainees should be kept anonymous while taking the feedback. It will bring out precise and clear feelings of trainees about the acceptance of training programme and their view on its effectiveness. Although reaction evaluation may not be totally reliable for altering the training design and its contents due to the impact of biased social factors inherited by the participants and their positive attitude at this level.
- Learning is facilitated by the techniques and methods adopted during the training programme. Inclusion of role plays, simulation exercises found to be satisfactory in training programmes of organization ‘A’. At the same time study indicates that only knowledgeable faculty and proper use of aids by them is not sufficient to ensure the effectiveness of the programme. Debriefing sessions, emphasizing the importance of each module holds equal importance to make learning happen. Although the results of learning index concluded with low rating score learning but the Follow Up study revealed that training programme had positive influence and learning was observed in the participants. At the same time, participants believed that more practical aspects should be included in training programme by providing better interface with industry

in form of inviting more guest speakers from corporate. It will help to gain practical experience to the heightened interest to share with the student fraternity ultimately.

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Appendix

Table I

Level/ stage	HAMBLIN	KIRKPATRICK	WARR	VIRMANI & PREMILA	
	1	2	3	4	
1	Reaction	Reaction	Context	Context	Pre-Training
2	Learning	Learning	Input	Input	
3	Job- behavior	Behavior	Process	Reaction	
4	Functioning	Results	Outcome	Learning	Post-Training
5				Job-	

				improvement	
6				On- the- Job	
7				Follow-up and Transfer	

Source: <http://www.scribd.com/doc/10060314/2513Evaluation-of-Training>

Table II

	Average learning Index of each Module				
	Modules(In order of score)	No. Of Participants(N=30)	Sum of learning index of all trainees %	Average learning index of each module	Level
1	Class Simulated Sessions(CSS)	30	1046.35	34.88	Low
2	Sector Study Presentation	30	493.21	16.44	Low
3	Article Writing	30	198.71	6.62	Low
4	Written Exams	30	110.88	3.7	Low

L.I. between 75-100% rated as high **L.I. between 50-74% rated as high** **L.I. between 0-49% rated as high**

“SECURITY INFORMATION MANAGEMENT SYSTEM”

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Abstract

Growth of Commercial activities over the Internet is progressing in an exponential manner

Despite this progressive growth the security of transaction which involves money over the World Wide Web has been a major point of uneasiness for many to join this modernized way of buying and selling. It is very true that electronic commerce will revolutionize businesses, and customers will be offered new product and exciting services. As e-commerce businesses are expanding, more n more secure technologies are being developed and improved every day. There are various types of algorithms for encryptions are available, but the most commonly used for security of e-commerce transaction , such as Cryptography - Public and Private keys cryptography, DES, RSA, S/MIME, SET, SSL, and Digital Signature which will be discussed.

Keyword: e-Commerce, SET, Cyber Cash

1. Transaction security

When customer wants to make payment, one needs to establish a sense of security without any fear of fraud. For making payment Customers have to select a mode of payment and the software must verify their ability to pay. This can involve credit cards, electronic cash, or purchase orders. There are various specialized software such as Commerce POINT, Cyber Cash and Microsoft Wallet which can verify the customer and marchent.E-Commerce software packages should also work with Secure Electronic Transfer (SET) or Secure Socket Layer (SSL) technologies for encryption of data transmissions. System would be more secure if more n more e-commerce software packages would be supported.

Good business relationships are built on trust over time. Maximum Web sites are addressing users concern about privacy by disclosing their policies in open statements and requesting customer's consent before collecting or sharing personal information. In the end, however, the customer is the single most powerful protector of his/her privacy online. It's customer's voice and your choice that will make the difference. There are thousands of polices and rules which provide security about your privacy online.

2. Privacy Policy

Without a proper privacy and security policy, it's not possible to spend money in a reasonable and cost-effective manner. Have to develop a privacy security policy that includes defining the sensitivity of information, the exposure of the organization. But if any how that information was leaked or altered, likelihood of those risks becoming reality. A policy may contain many elements including

- Privacy.
- Purchasing guidelines,
- Statements of availability and

Privacy polices works in the manner in which a company collects, protects and uses data, and they offer choices to the customer to activate their rights when they use their personal information On considering this policy, consumers can determine whether and to what extent they wish to make information **available to other companies**. World Wide Web is an exciting area for buying and selling for a consumer that offers easy and fast access, not only to a wide variety of goods and services, but also to vast and rich sources of information that enable them to make better decision about **purchasing**. It also offers the convenience of shopping from the workplace or home. This wealth of information serves as a source of vast amounts of personal information about consumers. Commercial web sites collect personal information explicitly through a variety of means, including registration pages, user surveys, and online contests, application forms, and order forms.

3. Network Security Policy

The four major fundamental components Computer Security, Authentication, Access Control, Integrity and Confidentiality should be adequately addressed. This is the major role of network security policy. Realistic policy is one that provides a balance between protecting the network from known risks while still providing users reasonable access to network resources. If a firewall system denies or restricts services, it usually requires the strength of the network service access policy to prevent the firewall's access controls from being modified or circumvented on an ad hoc basis. Only a sound, management backed policy can provide this defense against internal resistance. Here are the typical network service access policies that a firewall implements: Allow no access to a site from the Internet, but allow access from the site to the Internet; or in contrast, Allow some access from the Internet, but only to selected systems such as information servers and e-mail servers.

4. Firewall Policy

The Firewall policy is a lower level policy that describes how the firewall will actually go about restricting the access and filtering the services as defined in the network service access policy. The firewall design policy is specific to the firewall. It defines rules used to implement the network service access policy. This policy must be designed in relation to, and with full awareness of issues such as firewall capabilities, limitations and the threats and vulnerabilities associated with TCP/IP

5. Data Encryption Standard (DES)

DES is the first standard cipher the business world had. It is twenty years old and still widely used. But it is aging and getting much less secure. A knowledgeable attacker who can afford plenty of expensive computer equipment can now break DES fairly easily. DES started in 1973 and the US National Bureau of Standards asked for proposals for a standard cipher. In 1975 IBM developed DES and 1981 the American National Standards Institute approved DES as a standard for business use. Banks made much use of it, and it jumped the Pacific and was also written into banking standards for Australia (**Australian Standard 2805.5.3**). DES was quietly built into all kinds of software applications and hard wired into much encryption equipment (ATMs). As software, it protects computer networks and a variant of DES called CRYPT (3) is still used to protect the password file in UNIX systems. Because it was a standard, any system using DES could talk to any system using it. The key length is 56 bits. No one has published a system for cracking DES, except the brute force method of trying all keys until one works. In order to crack a key, you have to check per second 5 trillion keys.

6. Secure Electronic Transaction Protocol (SET)

Visa and MasterCard have jointly developed the SET protocol as a method for secure, cost effective bankcard transaction over open networks. SET includes protocols for purchasing goods and services electronically, requesting authorization of payment, and requesting "credentials" (i.e. certificates) binding public keys to identities, among other services. Once SET is fully adopted, the necessary confidence in secure electronic transactions will be in place, allowing merchants and customers to partake in electronic commerce. SET supports Data Encryption Standard (DES) for bulk data encryption and Rivest-Sharmir-Adelman (RSA) for signatures and public-key encryption of data encryption keys and bankcard numbers.

7. Protection against common attacks

There are several common types of attacks that hackers employ to gain access or damage a company's network. These attacks are easily defeated by Firewall-1 and VPN-1 Gateways.

IP Spoofing - A technique where an attacker attempts to gain unauthorized access through a false source address to make it appear as though communications have originated in a part of the network with higher access privileges. For example, a packet originating on the

Internet may be masquerading as a local packet with the source IP address of an internal host. Firewall-1 and VPN-1 gateways protect against IP spoofing attacks by limiting network access based on the gateway interface from which data is being received.

Denial of Service Attack - There are many types of denial of service (DOS) attacks. One type of DOS attack is a Synchronized Data Packet (SYN) flood the new type of attack that came out late last year which disabled Internet service providers. The SYN flood is not an intrusion attack, it does not attempt to access or modify data, instead its purpose is to disable servers and thus it is classified as a denial of service attack. The user (client) sends a SYN to the server, the server then returns a SYN/ACK (to acknowledge receipt of the packet). As a result, the server is unable to respond and places the request in a queue awaiting a SYN/ACK (acknowledgement frame from the false address). After several minutes the server's TCP sockets time out. If enough false requests are made, the server's pending connection queue will full up and it will be unable to respond to requests even valid ones. If you allow outsiders to access your system, perhaps to make a purchase order or have access to corporate information, then this service can be denied if you fall victim to an SYN flood attack. For an Internet service to be successful, it is essential that it is reliable; nothing is more frustrating for the user than endlessly trying to connect a site.

8. Secure/Multipurpose Internet Mail Extensions (S/MIME)

S/MIME is a protocol that adds digital signatures and encryption to Internet MIME messages described in RFC. MIME is the official proposed standard format for extended Internet electronic mail. Internet e-mail messages consist of two parts, the header and the body. The header forms a collection of field/value pairs structured to provide information essential for the transmission of the message. The body is normally unstructured unless the e-mail message is structured. However, MIME itself does not provide any security services. The purpose of S/MIME is to provide security at the application level for communications between hosts on a public network. Other protocols such as IPsec and others, maintain the security of low-level network communications. However, none of these protocols handle situations where data needs to be securely stored, transmitted, and forwarded. Where SSL secures a connection between a client and a server over an insecure network, S/MIME is used to secure messages between users, applications, and computers.

Suggestion

My Suggestion is to prevent some of these security problems firewalls are installed at critical interfaces. The firewalls are supposed to filter the traffic, inhibit transmission of unwanted information (including viruses), and prevent malicious or criminal actions by outside persons. However, a firewall cannot by itself prevent misuse of credit card numbers or identity fraud. Trust is the key factor. People should be more aware towards this very powerful technique to do e-shopping

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IMPACT OF PROMOTIONAL SCHEMES ON BUYING DECISIONS OF A CONSUMER

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Abstract: *The development of logical thinking among the consumers is one of the important parts of human behavior. This framework embedded paper describes alternatives for the manufacturers and marketers to meet the emergent consumer demands. An attempt has been made to examine the five promotional schemes namely Exchange Offer, Special Gift, Festival Season Offers, Contest Prizes, Product Warranties which affect the automobile buying behavior of the consumer. A systematic random sampling from five residential areas of urban Jaipur was done to select 50 car consumers. An investigator-constructed questionnaire was used to collect data on these schemes. The data analysis using chi-square test was done to describe the nature of the sample and test the null hypothesis that the choices for purchase of car is equally distributed on five promotional schemes. It is found that promotional schemes have major implication on purchasing decision. Marketers can use the combination of relevant promotional schemes as an effective tool for selling their products*

Keywords: Consumer buying behavior, alternatives, promotional schemes, marketers

1. INTRODUCTION

Although there has been an enormous increase in the use of personal communication by marketers in recent years, due to the rapid penetration of the internet and other factors, the fact remains that the promotional tools if used correctly can still dramatically improve the fortunes of a brand or a company. The power of marketing communication is equally important in improving attitudes and behaviour of the consumer with respect to socially relevant themes. Many marketers are trying to come to grips with how to best use promotional schemes in the new communication environment. In the present research paper, an attempt has been made to examine the impact of various promotional tools in purchasing behavior.

The concept of sales promotion has attained a significant importance in Indian markets for last two decades. Post liberalization, the arena of Indian manufacturers is under constant

reforms so it has become important for Indian as well as foreign manufacturers in India to increase awareness of their respective companies or product names to beat the ever increasing competition. Sales promotion has also become a popular tool to create experiences and evoke feelings for the product amongst customers.

Sales promotion consists of a diverse collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade. Sales Promotion includes tools for consumer promotion(samples, coupons, cash refund offers, prices off, premiums, prizes, patronage rewards, free trials, warranties, tie-in-promotions, cross-promotions, POP displays, and demonstrations); trade promotion (prices off, advertising and display allowances, and free goods); and business and sales-force promotion (trade shows and conventions, contests for sales reps, and specialty advertising). Further, Sales promotion tool vary in their specific objectives. A free sample stimulates consumer trial, whereas a free management-advisory services aims at cementing a long-term relationship with a retailer.

If the trend is followed, it has been observed that the Sales Promotion expenditure by various marketing companies in India has been growing at a rapid pace over the years. In 2001, there were as many as 2,050 promotional schemes of different kinds in the fast moving consumer goods industry in India. What are the different types of promotional schemes adopted by the companies in the consumer product category in India? To obtain an empirical view on this question, a study was carried out through a content analysis of 885 consumer promotion schemes announced through advertisements for the period 1996 to 2003. Some of the findings of this study are: The most frequently launched promotion is the premium offer. This scheme constituted 56% of the promotions, a sweepstake constituted 10%, Price-off constituted 8%, Buy more and save/get constituted about 4% of the promotions, Exchange offers constituted another 4% of the promotions, Contests constituted 3% of the schemes, other types of schemes, such as zero percent financing, reward points constituted the remaining proportion of the promotions. It was concluded that the market structure, consumer behavior and preferences and competitive intensity influence the nature and frequency of different types of promotion. (Source: Priya Jha Dang, Abraham Koshi and Dinesh Sharma (2005), "An Empirical Analysis of Different Types of Consumer Promotions in the Indian Market", Asian Journal of Marketing 11 no. 1: 104-122)

If the consumption pattern of Indian consumers is observed, it has been undergoing a significant transformation over the years. Several factors drive these changes. Improvements in economic conditions are one of the factors. Exposure to international media, foreign travel, degree of urbanization, education levels, emergence of job opportunities in service sectors such as information technology, call centers, and retailing, which influence the lifestyle are some of the changes in consumption pattern.

The consumption pattern of Indian buyer could be undergoing a significant transformation in automobile industry due to promotional schemes like Exchange Offer, Special Gift, Festival Season Offers, Contest Prizes, Product Warranties.

2. Theoretical overview:

According to Robert C. Blattberg and Scott A. Neslin (1990), Sales promotion is a key ingredient in marketing campaigns, consists of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade. Likewise, Kusum Ailawadi, Karen Gendenk and Scott A. Neslin (1999), observe that sellers use incentive-type promotions to attract new triers, to reward loyal customers, and to increase the repurchase rates of occasional users. Sales promotions often attract brand switchers,

who are primarily looking for low price, good value, or premiums. If some of them would not have otherwise tried the brand, promotion can yield long-term increases in market share.

Similarly, Paul W. Farris and John A. Quelch (1987) spotlights that a number of sales promotions benefits flow to manufacturers and consumers. Manufacturers can adjust to short-term variations in supply and demand and test how high a list price they can charge, because they can always discount it. Promotions induce consumers to try new products and lead to more varied retail formats, such as everyday low pricing and promotional pricing; for retailers, promotions may increase sales of complementary categories (cake mix promotions may drive frosting sales) as well as induce store switching. They promote greater consumer awareness of prices. They help manufacturer sell more than normal at the list price and adapt programs to different consumer segments. Service marketers also employ sales promotions attract new customers and establish loyalty. Roger A. Stang (1976) indicates that several factors contributed to rapid growth of sales promotion, particularly in consumers markets. Promotions have become more accepted by top management as an effective sales tool; the number of brands has increased; competitors are using promotions frequently; many brands are seen similar; consumers have become price oriented; trade is demanding more deals from manufacturers; and advertising efficiency has declined.

In context of expenditure of sales promotion, Priya Jha Dang, Abraham Koshi and Dinesh Sharma (2005) analyze that a decade ago, the advertising to sales promotion ratio was about 60:40. Today in many consumer packaged goods companies, sales promotion accounts for 75% of the combined budget. Sales promotion expenditures have increased as a percentage of budget expenditure annually. In India, the spending on sales promotion is estimated to have grown by 500% to 600% during the last few years

Also, Carl Mela, Kamel Jedidi, and Douglas Bowman (1998) states that sales promotions in markets of high brand similarity can produce a high sales response in the short run but little permanent gain in brand preference over the longer term. In markets of high brand dissimilarity, they may be able to alter market shares permanently. In addition to brand switching, consumers may engage in stockpiling-purchasing earlier than usual (purchase acceleration) or purchasing extra quantities. But, Harald J. Van Heerde, Sachin Gupta, and Dick Wittink (2003), opine that sales may then hit a post promotion dip.

3. Major Consumer Promotional Tools:

The main consumer promotion tools are summarized in Table-1. Manufacturer's promotion tools are, for instance in the auto industry, rebates, gifts to motivate test drives and purchases, and high value trade in credit. Retailer promotions include price cuts, feature advertising, retailer coupons, and retailer contests or premiums.

Table-1

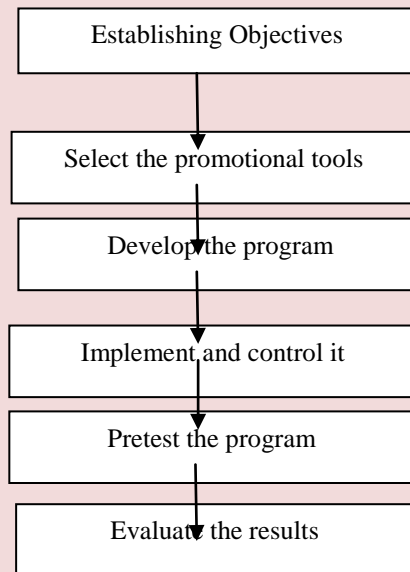
S.no.	Promotional Tools	Explanation
1.	Samples	Offer of a free amount of a product or service delivered door-to-door, sent in the mail, picked up in a store, attached to another product, or featured in an advertising offer.
2.	Coupons	Certificates entitling the bearer to a stated saving on the purchase of a specific product: mailed, enclosed in other products or attached to them, or inserted in magazine and newspaper ads.
3.	Cash Refund Offers	Provide a price reduction after purchase rather than at the retail

	(rebates)	shop: Consumer sends a specified proof of purchase to the manufacturer who refunds part of the purchase by mail.
4.	Price Packs (cents-off-deals)	Offers to consumers of saving off the regular price of a product, flagged on the label or package. A reduced price-pack is a single package sold at a reduced price. A banded pack is two related products banded together.
5.	Premiums (gifts)	Merchandise offers at a relatively low cost or free as an incentive to purchase a particular product. A with-pack premium accompanies the product inside or on the package. A free in-the-mall premium is mailed to consumers who send in a proof of purchase, such as a box top or UPC code. A self-liquidating premium is sold below its normal retail price to consumers who request it.
6.	Frequency Programs	Programs providing rewards related to the consumer's frequency and intensity in purchasing the company's product or services.
7.	Prizes (contests, sweepstakes, games)	Prizes are offers of the chances to win cash, trips, or merchandise as a result of purchasing something. A contest calls for consumers to submit an entry to be examined by a panel of judges who select the best entries. A sweepstakes asks consumers to submit their names in a drawing. A game presents consumers with something every time they buy—bingo numbers, missing letters—which might help them win a prize.
8.	Patronage Awards	Values in cash or in other forms that is proportional to patronage of a certain vendor or group of vendors.
9.	Free Trails	Inviting perspective purchases to try the product without cost in the hope that they will buy.
10.	Product Warranties	Explicit or implicit promises by sellers that the product will perform as specified or that the seller fixes it or refunds the customer's money during specified period.
11.	Tie-in-Promotions	Two or more brands or companies team up on coupons, refunds, and contests to increase pulling power.
12.	Cross-Promotions	Using one brand to advertise another noncompeting brand.
13.	Point-of-Purchase	Point-of-purchase displays and demonstrations take place at the point of purchase or sale.
14.	Price-off	A straight discount off the list price on each case purchased during a stated time period.
15.	Free Goods	Offers extra cases of merchandise to intermediaries who buy a certain quantity or who feature a certain flavor or size.
16.	Sales Contests	A sales contest aims at inducing the sales force or dealers to increase their sales results over a stated period, with prizes (money, trips, gifts, or points) going to those who succeed.

Above mentioned promotional tools can yield unexpected profits if used wisely. Next heading discusses about the steps to be implemented for using these tools.

4. Major Decisions regarding Promotional Schemes:

In using sales promotional schemes, a company must establish its objectives, select the tools, develop the program, pretest the program, implement and control it, and evaluate the results (Fig.1).



(Figure-1)

Sales promotion objectives derive from broader promotion objectives, which derive from more basic marketing objectives for the product. For consumers, objectives include encouraging purchase of larger sized units, building trail among nonusers, and attracting switchers away from competitors' brand. The promotion planner should take into account the type of market, sales promotion objectives, competitive conditions and each tool's cost-effectiveness. While developing promotional program, marketers need to blend several media into total campaign concept.

Marketing managers must prepare implementation and control plans that cover lead time and selling time for each individual promotion. Lead time is the time necessary to prepare the program prior to launching it. Sell-in-time begins with the promotional launch and ends when approximately 95% of the deal merchandise is in the hands of consumers. Manufacturers can evaluate the program using sales data, consumer surveys, and experiments. Sales data helps analyze the types of people who took advantage of the promotion, what they bought before the promotion, and how they behaved later towards the brand and other brands.

Moreover, sales promotion seems most effective when combined with advertising. In one study, a price promotion alone produced only a 15% increase in sales volume. When combined with feature advertising, sales volume increased 19%; when combined with feature advertising and a POP display, sales volume increased 24%. (Source: John C. Totten and Martin P. Block, "Analysing Sales Promotion: Text and Cases, 2nd ed. Chicago: Dartnell)

5. Consumer Buying Behaviour in terms of promotional schemes:

Viewing consumer buying behavior in such a broad context suggests it is actually subset of human behavior. That is, several internal and external factors affecting individuals in their daily lives also influence their purchase activities. In fact, it is often difficult to draw a distinct line between consumer related behavior and other aspects of human behavior. Consumer buying

behavior includes both mental and physical activities of a consumer. It covers both visible and invisible activities of a consumer and also very complex and dynamic in nature.

In many cases, it is the sum total of the behavior of a number of persons. It is influenced by number of market stimuli offered by the marketer as it involves both psychological and social process. Further, consumers act differently at different times and often respond differently to the same stimulus at different times. Most of the times, they learn and thereby change their attitudes and behavior. So, it can be said that consumers are heterogeneous in nature and they are all different from each other in certain respects. They often act emotionally rather than rationally. Therefore, by understanding not only how the consumer behaves but the way he behaves as he does, the marketer makes decisions that will tie in more closely with consumer needs and desires

In terms of Automobile purchase, people today are more pragmatic before acquiring it. For most people, purchasing a car is one of the most important and expensive investment, next to purchase of a house. For the automotive manufacturers, first-time car buyers give them the opportunity to create positive brand image which definitely could be reflected in coming years because consumers could repeat car purchasing. The small car market has changed rapidly due to the fierce competition and advanced technologies. Therefore, it requires the automotive manufacturers and car dealers to understand the consumers' preference on time and take fast actions to respond to market changes quickly. Now-a-days new cars are launched very frequently with unique and novel promotional schemes. So, it would be very interesting to know consumers' preference in today's fast-changing car market

Therefore, it is attempted to study the impact of promotional schemes on car buying decision. Promotional schemes like Exchange Offer, Special Gift, Festival Season Offers, Contest Prizes, and Product Warranties could play an important role in purchasing decision of car. The research paper aims at examining the sales promotion schemes of car which attract consumers the most.

5.1 Methodology:

The present research utilizes the survey research methodology to find out the factors which affect the car buying behavior of a consumer. It is a survey based research paper. The objectives of the study were: (i) To construct and validate a questionnaire covering five promotional schemes namely Exchange Offer, Special Gift, Festival Season Offers, Contest Prizes, Product Warranties. (ii) To test the null hypothesis that the choices for purchase of car is equally distributed on five sales promotional schemes.

A questionnaire had two sections. Section A consisted of demographic questions and section B included the question regarding the promotional schemes affecting car purchasing behavior of a consumer of urban Jaipur. The sample for the present research consisted of 50 car consumers who were selected randomly from five residential areas of Jaipur namely Malviya Nagar, Bajaj Nagar, Bapu Nagar, Barkat Nagar and Gandhi Nagar i.e., ten car consumers from each area. The list of car owners living in various apartments in the identified five residential areas wherein the car parking space is available, was collected which turned out to 150. Then at random every third car owner was selected for data collection

5.2 Data Analysis and Interpretation:

The data collected was subjected to data analysis using non parametric chi-square test as the sample is small and it fulfills the requirement of the study. It was hypothesized that the choices for purchase of car is equally distributed on five promotional schemes namely Exchange Offer, Special Gift, Festival Season Offers, Contest Prizes, Product Warranties.

So, the probability of obtaining any one factor over five factors is 1/5 and as such the expected frequency of any one scheme coming upward is $50/5 = 10$. By using observed frequency along with expected frequencies, the value of chi-square (X^2) was worked out in Table-2 and the respective percentage of each promotional scheme in form of pie-chart is shown in fig.2.

TABLE-2

The summary of chi-square test analysis (N=50; df=4)

FACTORS	OBSERVED FREQUENCY(O)	EXPECTED FREQUENCY(E)	X^2 VALUE
Exchange Offer	18	10	
Product Warranties	14	10	
Festival Season Offers	6	10	16.00**
Special Gifts	10	10	
Contest Prizes	2	10	

** significant at 0.01 level

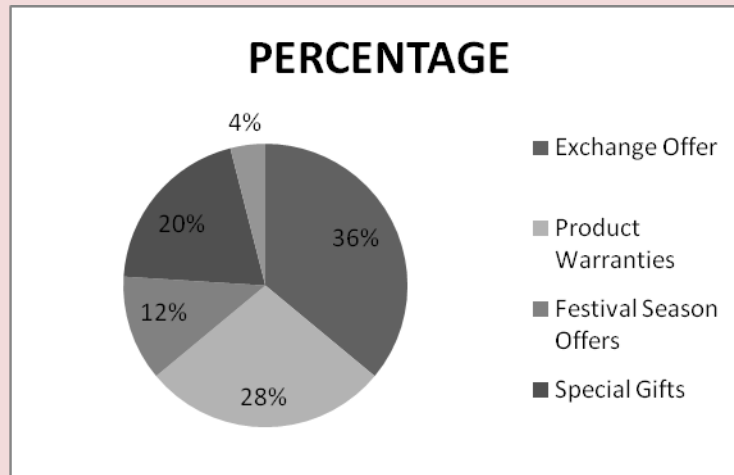


Figure-2

5.3 Findings:

Based on the analysis, following results emerged:

- The null hypothesis was rejected as there has been significant difference obtained and expected X^2 values at 0.01 level.
- There has been significant difference in two promotional schemes i.e., Exchange Offer and Contest Prizes. Therefore, the car purchasing decision is most affected by Exchange Offer and least affected by Contest Prizes.

- There is a significant positive relationship between all the considered promotional schemes and consumers' car purchasing decision.

5.4 Conclusion:

Uncovering why people buy is an extremely difficult task. The buyer's psyche is a black box whose working can only be partially deduced. The buyer is subject to many influences which trace a complex course through his psyche and lead eventually to overt purchasing responses. The findings of the study clearly show that the various promotional schemes in one or another way influence the purchasing decision of a consumer. It has also been spotlighted that consumer's car purchasing decision is the function of promotional schemes.

5.5 Implications and Discussions:

Indian Automobile manufacturers should use the combination of relevant promotional schemes as an effective tool for selling cars. Marketing strategists should recognize the potential interpretative contributions of different sales promotional schemes for explaining buyer's decision. The implications of the study are that car dealers must concentrate more on the promotional schemes and manufacturers must work on reduction on the car manufacturing costs. Moreover, the further research work is needed to use promotional schemes, provisions and facilities in the car to work out their optimum level while special promotional schemes be provided in modular form.

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**MANAGING CURRENCY RISK THROUGH DERIVATIVES WITH
SPECIAL REFERENCE TO “CURRENCY FORWARDS” – A
CORPORATE PERSPECTIVE.**

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Introduction:

Globalization is intended to create the world economy into single gigantic and complex organism. The fall out of globalization is competition faced in every sector of the economy. In order to sustain the competition in financial sector, market participants should keep themselves abreast with changing scenario that has occurred and techniques that are being followed in finance and external sector.

It is observed that particularly after globalization, there has been substantial increase in the volume of cross border trade transactions thereby disturbing equilibrium demand for and supply of foreign currency making extremely volatile affecting revenue and expenditure of corporates. It is also observed that forex transactions give rise to exposure. By exposure we mean, inflows in a given currency are greater or less than outflows in that currency. Due to such exposures, corporate transactions are subject to exchange risk and necessitate entering into Derivative contracts. Even at times, such exposures result into overbought and oversold positions for the bankers and banks also enter into Derivative Market to maintain their daylight and overnight limits according to the norms set by RBI.

To get rid of such exposures banks as well as corporates are active in “Derivative Market” (Currency) and making use of “Internal” as well as “External” hedging techniques. The tools for hedging used are forward, options, swaps etc.

However, it is pointed out that going by convention of conservatism practiced in accounting principles which has now become mandatory under International Accounting Standard 21, derivative contracts (Forward Contracts) have direct bearing on profitability of the corporates as these contracts are required to be marked to the market value at the closing date of financial year. Thus, it has created apprehension about very effectiveness (Efficacy) of Derivative instruments like Forwards as hedging tools in managing currency risk by corporates.

In view of this, the theme of the research paper relates to analysis of ‘Forward’ along with other hedging instrument and further analyzes how Convention of Conservatism has

affected profitability of corporates thereby raising apprehensions about utility of Forward contracts and other Derivative instruments as a tool of Risk Management.

1. Objectives:

In line with the above theme, following are objectives of the research:

- i) To study the volatile nature of India's Forex market and emergence of derivative market and its products.
- ii) To study and analyze impact of derivative tools towards managing currency risk with focus on Currency Forward contracts.
- iii) To study the provisions of disclosure of Derivative losses as per International Accounting standard.
- iv) To suggest ways and means to minimize the quantum of losses on account of Forward contracts.

2. Organization of the Research Paper:

Towards fulfillment of the above objectives, the organization of Research Paper is as follows:

The research is “**Exploratory**” in nature and **based on Secondary Data** derived from authentic sources like RBI, ICAI etc.

To begin with, researcher takes an overview of Forex market and its volatile nature and scope of derivative market with an introduction of Forwards as commonly used derivative tool along with concepts pertaining to Premium, Discount, Pay offs etc.

In the later part, analysis of Forward contracts entered into by the corporate to minimize the risk in their forex dealings has been covered and how “Mark to Market” principle as envisaged in the International Accounting Standard, affected financial positions (reflected in financial statements) of the corporates has been discussed and analyzed.

In the concluding part, an attempt has been made to suggest some remedial measures and strategies to be adopted by the corporates to avoid booking of the losses in their Forward contract positions.

3. Volatile nature of India's Forex market and emergence of Derivative Market

3.1 Features of Forex Market:

The foreign exchange market is a virtual place. There is no organized exchange as such where traders meet and exchange currencies. It is the largest market in the world. It is because of the internationalization of trade and nationalization of currency that really give rise to Forex market.

The Forex market is unique because:

- i) Its trading volumes
- ii) Extreme liquidity of market
- iii) Large number of and variety of traders in market
- iv) Large trading hours i.e. 24 hours a day (Except weekends)
- v) Variety of factors affecting exchange rates

The nature of transactions can be described as dealing in deposits (Nostro & Vostro) denominated in different currencies at different rates for different maturity and period. The types of transactions are either Spot or Forward. By Spot, we mean purchase and sale of foreign currency now for immediate delivery and by Forward, we mean purchase and sale of foreign currency now for future delivery at contracted rate and date. Off late futures, options and swaps are also being used. The participants in the Forex market are Government, Banks and Corporates. These participants when participate in Forex market create demand for and supply of foreign currency. Due to opening of economies, their participation has become active resulting into high volatility in the market which precisely necessitates corporates earning into Derivative market to hedge currency fluctuations and exchange rate.

3.2 Forex Market and its volatility:

The equilibrium in Global Financial Markets is disturbed due to globalization, and has its impact on increased volatility in Indian Financial Market too. Due to opening of the economies and subsequent increase in the volume of cross border trade transactions has resulted into frequent changes in 'Demand and Supply' of Foreign Currency and thus making Indian forex market (that forms the part of overall financial market) increasingly volatile.

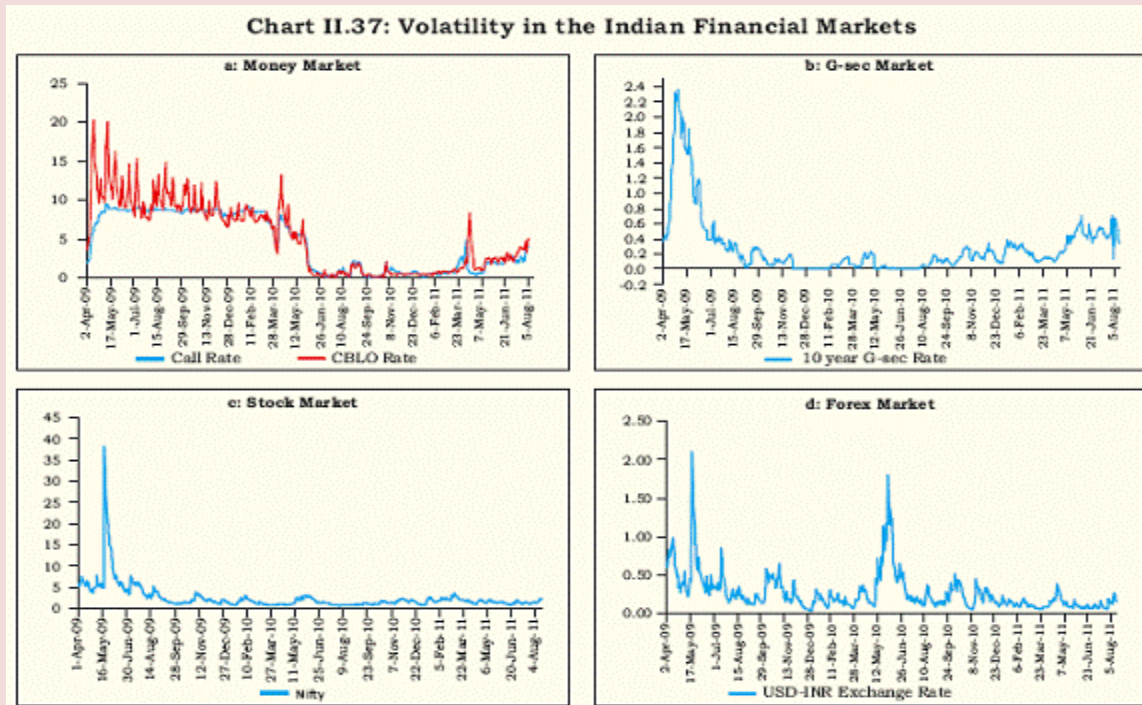
The broad reasons for making the Forex market highly volatile are as follows:

- i) Constant change in Demand and Supply of two currencies
- ii) Excessive speculative activities
- iii) Macro economic shocks
- iv) Upheavals in Global and Domestic socio economic environment

For example due to high disturbances in the financial sector of European economies and particularly of Euro zone countries, there has been sharp fall in USD/INR parity which has touched a new low (USD 1 = INR 52.00) thereby making Imports costlier.

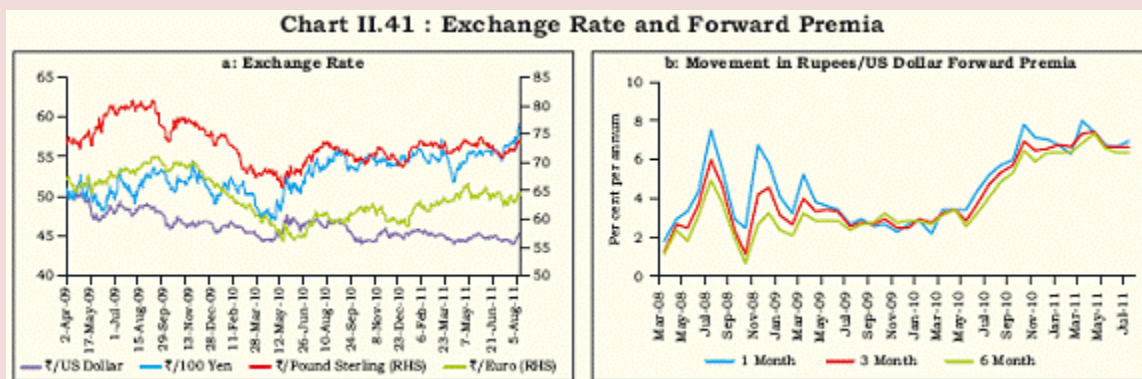
The volatility can be observed from the Graph (d) presented below:

Graph I: Volatility in the Indian Financial Market



(Source: rbi.org.in)

Graph II: Volatility in Exchange rates of Rupee/Dollar, Rupee/Yen, Rupee/Pound Sterling and Rupee/Euro



(Source: rbi.org.in)

It is observed from Graph II, the exchange rates are highly volatile and there is constant movement in INR/USD Forward premia.

The political and economic upheavals in India resulted into heavy outflow of foreign funds coupled with high cost of POL products suddenly resulted into Rupee depreciation to such an extent that Rupee Dollar parity touched new low of US \$ 1 = Rs. 55.0000

Thus, the volatility particularly in Forex market is an important contributor to risk. The solution is using appropriate derivative tool to hedge currency exposure. This necessitates corporates dealing in cross border trade to enter into Derivative Market.

4. Impact of Derivative tools with special focus on Currency Forward Contracts:

4.1 Derivative Market:

In simplest term, the word Derivative refers to “A variable which has been derived from another variable”. In the financial sense, derivative is a financial product which has been derived from market for another product without underlying product and market derivative had no independent existence and there is always interrelation between derivative product and underlying product market.

The derivatives have come into existence because every business has its risks and derivatives have used as a mean to protect against business risks e.g. cross border trade business is subject to various types of risks amongst which fluctuations in the exchange rate i.e. currency risk is more prominent. Currency Risk relates to changes in the earnings which arise due to indexation of Export receipts and Import payments to the Exchange rate. Exchange rate risk arises due to unexpected changes in the prices of two currencies. Price changes could be favorable or non favorable. Non favorable changes lead to huge losses if they are not managed at right time and through proper hedging technique.

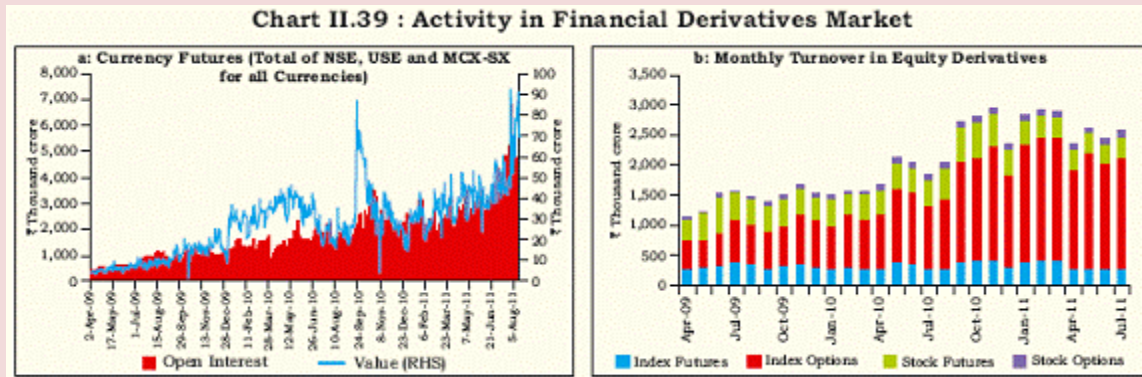
Here, it is pointed out that transactions are subject to Currency Risk only when invoicing is done in foreign currency. Hence, the easiest method to avoid the currency risk is by invoicing in domestic currency. In case of India, barring bilateral trade deals, in case of all cross border trade transactions invoicing is done in foreign currency and hence are exposed to exchange risk.

In order to tide over risks on account of fluctuations, many corporates are interested in hedging techniques with the help of Derivative Market and instruments e.g. corporates enter into Forward Purchase Contracts with Authorized Dealers to cover risk in export transactions and Forward Sale Contracts to cover import transactions. The parties wishing to manage their risks are called as Hedgers which are one of the pillars of Derivative Market apart from Speculators and Arbitrators. The speculation is a risk taking activity whereas hedging is risk avoidance technique and by arbitrage we mean taking advantage of difference between interest and or currency rates in two markets.

In India, commodity derivatives like cotton, silver futures have a long history but Financial Derivatives are of recent origin. Forwards in the Forex market have long been in use while

Options are recent ones. The Currency Derivatives in India really picked up during post reform period and are broadly grouped into three segments Currency Forwards, Options and Swaps and assumed great significance in International Finance and Risk Management.

Graph III: Activities in Financial Derivative Market



As is evident from Graph III that corporates have entered into Derivative Market to manage cross border trade risk by making an extensive usage of hedging techniques and thus it is showing increasing trend.

The commonly used Internal hedging techniques are:

- i) Currency of invoicing
- ii) Leading, lagging and matching
- iii) Bilateral netting

The commonly used External hedging techniques are:

- i) Currency Forwards
- ii) Currency Futures
- iii) Currency Options
- iv) Currency Swaps

Out of all above, the most popular tool used is Currency Forwards as is evident from the data presented in the table below. (Refer Table I)

Table I: Comparison of Foreign Exchange contracts:

Table 1 : Outstanding Derivatives of Banks : Notional Principal Account									
S. No	Item	March 2007		March 2008		March 2009		December 2009	
		INR billion	USD billion	INR billion	USD billion	INR billion	USD billion	INR billion	USD billion
1.	Foreign exchange contracts	29,254	671.12	55,057	1,377.46	50,684	994.78	36,142	774.25
2.	Forward forex contracts	24,653	565.57	47,360	1,184.89	44,669	876.72	31,190	668.17

3. Currency options purchased	4,601	105.55	7,697	192.57	6,015	118.06	4,952	106.08
4. Futures	2,290	52.53	2,743	68.63	3,511	68.91	3,447	73.84
5. Interest rate related contracts	41,958	962.56	85,430	2,137.35	44,803	879.35	46,434	994.73
6. Of which:								
single currency interest rate swaps	41,597	954.28	85,159	2,130.57	44,377	870.99	46,073	987.00
7. Total-Contracts/derivatives	73,502	1,686.21	143,230	3,583.44	98,998	1,943.04	86,023	1,842.82

Source: RBI

Therefore the researcher has restricted scope of this research work to Forward contracts however; other derivative instruments are not totally ignored.

Before going into the intricacies of Forward Market and studying “Forward” as a popular tool commonly used by corporates to manage the risk, it is imperative here to discuss emergence of Derivative Market and its products followed by features of Forex market.

4.2 Forward contracts:

The further part of research paper discusses Currency Forward as commonly used tool to protect corporates from market volatility. In this context, researcher considers it necessary to take quick review of “Premium” and “Discount” and “Pay offs” in the Forward contract.

Outright Forwards:

Forward contract is defined as follows:

“Forward exchange contract means an agreement to exchange different currencies at a forward rate. Forward rate is the specified exchange rate for exchange of two currencies at a specified future date.”

Quotations for outright forward transactions are given in the same manner as spot quotations. For example EUR/USD 1- month forward: 1.2510/1.2520.

Discounts and Premiums in the Forward Market:

Consider the following pair of spot and forward quotes:

GBP/USD spot: 1.5677/1.5685

GBP/USD 1- month forward: 1.5675/1.5585

The pound is cheaper for delivery one month hence compared to spot pound. The pound is said to be at a *forward discount* against the dollar or equivalently, the dollar is at a *forward premium* against pound.

Forward discounts and premia are usually stated in annualized percentage terms. It is calculated as follows:

$$\begin{aligned}\text{Annualized dis or premium} &= \frac{[\text{Forward mid (GBP/USD)} - \text{Spot mid (GBP/USD)}]}{\text{Spot mid (GBP/USD)}} \times 12 \times 100 \\ &= \frac{1.5580 - 1.5681}{1.5681} \times 12 \times 100 \\ &= -7.73\%\end{aligned}$$

With this definition, for any quotation (A/B), if [Forward (A/B) - Spot (A/B)] is negative it would indicate that currency B is at a Forward premium vis-a-vis currency A whereas a positive answer would imply that B is at a forward discount against A.

Pay offs in forward contract:

Pay offs in Forward contract depends upon contracted rate and spot rate. Pay off is calculated as difference between contracted rate or delivery price (k) and Spot rate (St). In case of long positions, pay off is worked out as (St – k) and in case of short positions, (k – St). These pay offs could be positive or negative. Possibility of negative pay off in either case arises when counter party defaults. For what so ever reason if Forward contract got canceled, extended or rolled over, the negative pay offs in forward contract resulted into huge losses to the bank. This negative pay offs affects the financial position of the corporates. In that case, corporates should make provisions for negative pay off amount so as to fall back upon in the event of actual default. Otherwise provision can be reversed if Forward contract gets executed in normal case. Thus, to get insight as regards efficacy of Forex Derivative market in India, the researcher has studied the data of the losses incurred by corporates during the period 2006 till date.

Losses incurred on account of Derivative instruments:

The losses are inclusive of Forward contracts along with other derivative instruments.

2007: Mishap of huge currency derivative losses faced by Indian corporates due to steep Rupee appreciation: The huge Marked-to-Market losses on derivatives that came to light to raise issues about the direction of financial liberalization and inadequate regulation. The banks are estimated

to have a total exposure of Rs. 1,27,86,000 crore or \$ 3.16 trillion. If even only 1% of the trade has a problem, the marked-to market loss will be \$ 3.16 billion

2007: The Rupee which was up nearly 11% in Sept, 2006, had left many exporters shocked. It is observed that during this period of steep appreciation against Dollar, banks made unconsolidated offers to their clients and corporates bought the products with insufficient understanding, later incurred huge losses in those deals. (Source: Economic Times 4th Oct, 2007)

2011: The following data substantiates losses incurred by the corporates in spite of using derivative instruments.

Losses of 32 companies due to forex fluctuations hit Rs. 1130 crore.

The sharp fall in the Indian currency during the quarter to September has come to hurt some of India's top companies that have an overseas business presence, with the loss on account of an unfavorable currency movement amounting to over Rs. 1130 crore or close to 10% of the cumulative net profit for 9 companies that are part of Nifty 50.

The hit for these companies because of the rupee's slide against the dominant currency such as the US dollar, whether realized or on account of "Mark to Market", comes at a time margins are getting squeezed owing to higher borrowing and raw material cost. **The aggregate net profit of 32 of the Nifty 50 companies which reported their latest results fell by 3%.**

Table showing drop in Net Profit for Nifty Companies even as topline grows 24%

Nifty Forex Impact (Fig. in Rs. Crore)

Company	Net Profit	Forex Impact	
Bajaj Auto	725.8	-95	0
Bharati Airtel	1027.6	-239	249
HCL Tech	3708.1	-66	-18
Infosys	1906.0	-283	53
SAIL	494.6	-153	509
Sesa Goa	1.3	-37	234
Sterlite Ind	997.8	-136	466
TCS	2439.0	-80	-42
Wipro	1301.0	-41	88
Total	12601.2	-1130	1539

(Source: Economic Times Monday, 7th Nov, 2011.)

Such losses led to apprehension about the effectiveness of Forward contract as a hedging tool. It is mainly medium scale corporates who are bearing these huge losses due to unexpected currency movements. These medium scale corporates mostly lack the proper expertise in the risk management and use of derivative tool area. Limited liquidity market washes out their net profit if the market suddenly turns against them.

In case of banks, it is becoming clear that many have twisted RBI regulations to sell leveraged products to corporate clients. This has resulted in a situation where corporates have taken currency bets but adverse movements in \$ and other currencies exposed them to an amount which may be twice or thrice their export income.

One of the most important after effects of these forex derivative losses is that the ICAI issued an announcement requiring recognition of losses on derivatives.

Hence, IAS 21 made it mandatory to book the losses on outstanding forward contracts as of closing date. The procedure followed is discussed in the further part.

5. Provisions of disclosure of Derivative losses as per International Accounting Standard:

Accounting Standard (AS) 30, *Financial Instruments: Recognition and Measurement*, (AS) 31, *Financial Instruments: Presentation and Accounting Standard (AS) 32, Financial Instruments: Disclosures* issued by the Council of the Institute of Chartered Accountants of India, comes into effect in respect of accounting periods commencing on or after 1-4-2009 and will be recommendatory in nature for an initial period of two years.

The objective of Accounting Standards are:

- i) To establish principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This would lead to a proper disclosure of Financial Statements.
- ii) To bring about greater transparencies in the disclosures relating to financial instruments such as derivatives.
- iii) To bind financial entities to provide disclosures in their Financial statements so that users can evaluate the important information in the statements. It would help disclose the nature and extent of risk arising from financial instrument to which the entity is exposed during the period and at the end of reporting period and how the entity manages those risks.

Features of a Derivative:

A derivative is a financial instrument or other contract within the scope of this Standard (see paragraphs 2-6) with all three of the following characteristics:

- (a) Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- (b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- (c) It is settled at a future date.

According to AS 30, companies have to provide for mark-to-market losses. The companies have to provision the exposures as per current market values mark-to-market, instead of treating them on a historical book value.

Large number of companies is battling over the issue of how to write in huge losses on the face of exposure to Foreign Exchange derivatives, when their currency bets went wrong.

It should be noted that in fact such accounting procedure is ultimately in the interest of corporates only as in the event of actual losses on account of cancellation/ extension, there has to be some amount of provision made to fall back upon and thus protects corporates from losses. Moreover, Forward contract is basically hedging tool and should not be looked upon as a risky technique only because high counterparty risk on account of cancelation and extension. The percentage of such cancelation and extension in total contracts is relatively less as banks have to follow strict guidelines led down by RBI while booking customers' forward contracts. It does not invalidate the characteristics of Forward contract as hedging tool, rather makes Forex contract as a vibrant technique to be followed. One has to have the analytical framework before entering into Derivative Market and any hasty decisions might wash off the earlier profits. It has observed that many banks and corporates were in big trouble due to their excessive positions in Forward contract positions.

It should be noted that Forward contract is an ideal tool of hedging and such Mark-to-Market value standards led down by IAS rather protects corporates and improves the efficiency of Forward contract as a hedging tool by making it more perfect.

In this connection, the researcher would like to point out that if corporates develop some database and on the basis of it takes a decision of entering into Forward contracts would go long way in avoiding probable losses on account of exigencies beyond the control of corporates like cancellation of original contract.

Thus, the following guidelines are suggested by the researcher.

6. Guidelines of ways and means to minimize the quantum of losses on account of Forward contracts:

The corporates should maintain database to develop a Decision Support System which should take into consideration the following points:

- i) As main factors influencing Exchange rate are inflation, interest rates, BoP position and Forex reserves etc., the corporates are advised to maintain their database to study the movements of all variables at least for one year and work out projections by using statistical tools like Trend analysis, SPSS technique etc. The projection will provide guideline for entering into Forward contract or otherwise the use of SPSS would help

corporate to find the correlation between different variables and to arrive at most determinant variable or factor influencing exchange rate for a given period.

- ii) The volatility observed can be judged along with risk bearing capacity of the company. In other words, in the event of exchange losses does company has enough surplus to sustain these losses as envisaged in the new accounting standard.
- iii) The corporate should keep the record of percentage share of cross border trade out of total business turnover so as to know currency exposure and expected strategy to be followed.

In general it can be said that if cross border trade earnings are more than 50% of the total business turnover, then variations in earnings will have considerable impact on profit and loss account. Therefore, corporates should go for hedging technique through Forward contract.

- iv) The corporates should also maintain record of external environment comprising of monetary and fiscal policies framed by authorities as well as political turmoil for example, disturbance in Europe has affected USD/INR parity in India.

The Internal hedging like lead lag and matching should be opted for i.e. if corporates expect to cover the import bill of \$ 10,000 falling due on particular date, then it would be ensured to have matching Export bill of \$ 10,000 falling exactly on that date.

- v) Corporates are also advised to enter into contracts with a price clause so as to protect them from fluctuations.
- vi) The study of Exchange rate cards of bank displaying buying rate positions for various usance period clearly gives indication about appreciation or depreciation of currency. The consideration of all above factors woould help manager to avoid losses and selecting appropriate hedging tools rather than going for random decision making.

7. Conclusion:

Thus, the database system based on above would go a long way in identifying risk, analyzing the market forces and working out on pay offs profiles and would serve as a good risk management policy based on scientific approach.

In the wake of volatile Forex market and mandatory provisions of IAS has created Balance sheet problems for corporates. The possible solution could be direct intervention of RBI to control the volatility but it has its own limitations in view of the free market policy adopted by the

Government. Hence, the alternative way out is to take monetary measures so as to increase the supply of foreign currency.

Irrespective of the mandatory provision of IAS whereby corporates are required to provide for probable losses (in their forward transactions) in the event of default, forwards are really meant to safeguard corporates in the situation of unprecedented fall in the rupee witnessed today and at the same time supports Forward contract tool in its function of hedging and thus enhances efficacy of Forward contract.

* * * * *

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**ANALYSIS OF CUSTOMER ATTITUDE TOWARDS E-SHOPPING WITH
SPECIAL REFERENCE TO ALLAHABAD**

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ABSTRACT

Present horizon of LPG era, increase the usage of ICT, which fueled expansion of e-shopping in the market of Allahabad. The expansion of multidimensional trade, internet and world wide web provides corporates of new vistas of communication mix. Growing companies can establish websites that rival or better their larger rivals. There has never been an industry, since the dawn of man that has attracted so much attention the e-shopping and the internet. The best part of it is that the SMEs and tiny enterprises can have the same exposure as the big players.

This research paper is an attempt to analyze customers attitude towards e-shopping with special reference to Allahabad, here, I have try to tests whether there is a significant difference between various kinds of customers or not with this theme following are the hypothesis of the study:-

H01:-There is no significant difference in hostile consumer attitude and indifferent consumer attitude towards e-shopping.

H02:-There is no significant difference in indifferent consumer attitude and interested consumer attitude towards e-shopping.

H03:- There is no significant difference in interested consumer attitude and hostile consumer attitude towards e-shopping.

Keywords: - E-shopping, ICT, LPG, SMEs, Hostile

The expansion of multidimensional trade, internet and World Wide Web provides corporates of new vistas of business mix. Growing companies can establish websites that rival or better their larger rivals. Present horizon of LPG era, increase the usage of ICT in our busy and fast life, this fueled expansion of e-shopping. e-shopping is a modern business mix that addresses the need of organizations, merchants and consumers to cut cost while improving the quality of goods, services and increasing the speed of delivery. It is associated with buying and selling of information, products and services via using internet technologies to transform the way key business processes are performed both wholesale and retail. The best part of it is that the SMEs and tiny enterprises can have the same exposure as the big players, today and in the future.

e-shopping is a special marketing medium, which requires its own special regulations for doing business promptly and effectively. Online shopping turns the traditional broadcast methods of advertising on their heads. Instead of the advertisers sending a message to a targeted audience that acts or dismisses the call to action, online consumers seek out information and advertising. They, not the advertiser, are the initiators of communication. Success of the e-shopping requires full understanding of ICT and attention to detail and constant promotional activity. World Wide Web is not a graphics contest using it as a marketing tool is not about fine graphics only; it's also about valuable dbase of industry profile, result oriented marketing efforts and reliable hosting service, making it fast, clear and easy to download.

Gallup (1959) suggested that this new medium of shopping needs effective pillars, which can be established in following ways:-

1. Build a professional Web site with compelling copy, with the sole objective of getting you more leads, more sales, and increased profitability, using fine-yet reasonable graphics and scripts to make it rich and appealing to your visitors.
2. Use powerful, proven marketing mix strategies and techniques that allow the Web site to realize effective & superior results and concurrently cutting various costs.
3. Improve the performance of Web presence and transforming it into a persuasive, money making winner.
4. Customized, creative, marketing campaigns to increase exposure and secure consistently effective results from sales and marketing efforts.
5. Hosting the site on fast servers, closer to the internet backbone, for fast download.

Building the concept of e-shopping around consumer, marketing professionals should design marketing mix strategies according to their customer point of view. e-shopping allows for the entire sales cycle to be conducted on one medium, nearly instantaneously.

The web portal is like one big point of sales display, with easy access to products and the ability for impulse shopping. Impulse shoppers have found a true friend in the web portal. Within seconds from being made aware of a product, the consumers can purchase it online. Further, with the targeting techniques available to advertisers, consumers who turn down a product because of the price can be identified and served a special offer, likely to result in a purchase. In the right hands, with the right tools, the web portal really is an advertiser's dream come true.

M. Wakeman, (1999) explained that the value propositions of products and services offered in the physical world are essentially limited "point solutions" that meet only part of a consumer's need or want. In the online world, even a simple banner advertisement can be both an advertisement and a direct marketing service. The banner raises the passive consumer's awareness of a product, yet it also encourages the consumer to pursue action by clicking on it.

Classification of Customers: - For better understanding of customer attitude, we can classify e-consumers in following categories:-

A-Hostile Consumers: - It reflects the hostile attitude of consumers' towards e-shopping. Consumer of this segment felt that e-shopping is irritating and is intruding into their privacy. The consumer of this segment should be given an option to accept or reject the concept of e-shopping. They also felt that e-shopping creates confusion and are annoying during workplaces. They equated e-shopping with junk sms's.

B- Indifferent Consumers: - Consumer of this segment reflected an indifferent attitude towards e-shopping. Usually they may not pay attention towards e-shopping. They further felt that entire process of e-shopping may prove to be beneficial to consumers.

C- Interested Consumers: - Consumer of this segment always interested in e-shopping as they don't have time to read newspaper and watch T.V. They spend most of their time online and believe that e-shopping is meant for information seekers, high status group, and internet savvy people.

Thus, this research paper is an attempt to analyze customer's attitude towards e-shopping with special reference to Allahabad region. With this theme following are the proposed hypothesis for testing:-

H01:-There is no significant difference in hostile consumer attitude and indifferent consumer attitude towards e-shopping concept.

H02:-There is no significant difference in indifferent consumer attitude and interested consumer attitude towards e-shopping concept.

H03:- There is no significant difference in interested consumer attitude and hostile consumer attitude towards e-shopping concept.

Methodology of the study

1. Study type: - This study is expected to fall under the category of exploratory research.

2. Sample: - For this study, I have randomly selected 60 people from Allahabad region.

3. Tools and Techniques:-During the study survey method with the help of self-developed structured, non-disguised, close-ended questionnaire was used. It included 10 statements which were based on 5 point Likert scale. The Questionnaires helped to get a clear idea about respondent's perception. For testing the reliability and validity of questionnaire a pilot test has been conducted.

4. Procedure of Data Collection:-The data employed for the study under primary sources.

5. Data Analysis & Interpretation:-Data analysis will conducted with the help of Z- test using the software *SPSS version -10*.

6. Analysis & Findings:-

Sl No.	VARIABLES	Z-VALUES	RESULT
01	Hostile Consumer Attitude and Indifferent Consumer Attitude	1.67	ACCEPTED
02	Interested consumer Attitude and Indifferent Consumer Attitude	2.06	REJECTED
03	Showing Relation Between interested Consumer Attitude and Hostile Consumer Attitude	4.78	REJECTED

NOTE:- Z value at 5 % level of significance is 1.96.

H01:-There is no significant difference in hostile consumer attitude and indifferent consumer attitude towards e-shopping is accepted because Hostile consumers do not believe in e-shopping as they consider is unreliable, non-interactive and creates lots of disturbance during work. As the hostile respondents, I found e-shopping are significantly more irritating and annoying than other forms of shopping. They also express that it is neither entertaining nor informative; consequently their overall attitude towards e-shopping was negative.

Market professionals need to be aware of the negative attitudes held by consumers towards e-shopping and the adverse effect. Improved targeting with relevant advertisements related to the page content might counter balance this attitude.

H02:-There is no significant difference in indifferent consumer attitude and interested consumer attitude towards e-shopping is rejected because on the contrary, indifferent consumer perceive e-

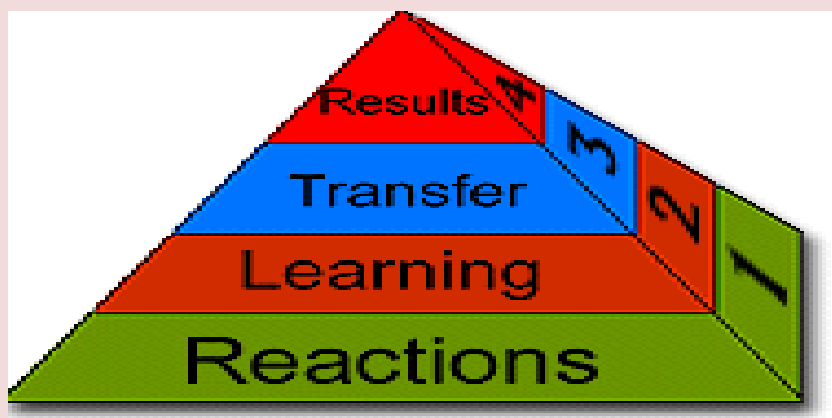
shopping is a junk sms's for them, but it provides awareness about product and services and it may only be brought into the attention during free or leisure time. Ducoffe (1999) found that indifferent respondents rated e-shopping as fairly informative but less entertaining. Respondents did not object to e-shopping as long as they were clearly identified.

I also found that most of the respondents did not think advertising presented a true picture of the products advertised, and that they advertising were believed to insult the intelligence of the consumer. Most of the respondents thought that most television commercials were neither honest nor believable.

H03:- There is no significant difference in interested consumer attitude and hostile consumer attitude towards e-shopping is rejected, I found that it is more effective for developing a favorable brand attitude and it is an example of one to one marketing, and consumer gets information on his desktop, without any kind of geographical boundary.

Interested consumer attitude was due to the value or effectiveness of advertising in meeting consumers' needs- that is, how informative and entertaining the marketing is and how useful it is for making purchase decisions. Indeed, informativeness and entertainment have been identified as positively contributing to the perceived value of consumers and advertising in general. The results suggest that interested consumers' perceptions of e-shopping are generally positive.

In conclusion, it is desirable to e-shopping policy makers to design attractive, effective, superior and informative marketing mix strategies for e-shopping. For this they can analyze following design:-



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IMPACT OF PROMOTIONAL SCHEMES ON BUYING DECISIONS OF A CONSUMER

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ABSTRACT:

The development of logical thinking among the consumers is one of the important parts of human behavior. This framework embedded paper describes alternatives for the manufacturers and marketers to meet the emergent consumer demands. An attempt has been made to examine the five promotional schemes namely Exchange Offer, Special Gift, Festival Season Offers, Contest Prizes, Product Warranties which affect the automobile buying behavior of the consumer. A systematic random sampling from five residential areas of urban Jaipur was done to select 50 car consumers. An investigator-constructed questionnaire was used to collect data on these schemes. The data analysis using chi-square test was done to describe the nature of the sample and test the null hypothesis that the choices for purchase of car is equally distributed on five promotional schemes. It is found that promotional schemes have major implication on purchasing decision. Marketers can use the combination of relevant promotional schemes as an effective tool for selling their products

Keywords: Consumer buying behavior, alternatives, promotional schemes, marketers

INTRODUCTION

Although there has been an enormous increase in the use of personal communication by marketers in recent years, due to the rapid penetration of the internet and other factors, the fact remains that the promotional tools if used correctly can still dramatically improve the fortunes of a brand or a company. The power of marketing communication is equally important in improving attitudes and behaviour of the consumer with respect to socially relevant themes. Many marketers are trying to come to grips with how to best use promotional schemes in the new communication environment. In the present research paper, an attempt has been made to examine the impact of various promotional tools in purchasing behavior.

The concept of sales promotion has attained a significant importance in Indian markets for last two decades. Post liberalization, the arena of Indian manufacturers is under constant reforms so it has become important for Indian as well as foreign manufacturers in India to increase awareness of their respective companies or product names to beat the ever increasing competition. Sales promotion has also become a popular tool to create experiences and evoke feelings for the product amongst customers.

Sales promotion consists of a diverse collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade. Sales Promotion includes tools for consumer promotion(samples, coupons, cash refund offers, prices off, premiums, prizes, patronage rewards, free trials, warranties, tie-in-promotions, cross-promotions, POP displays, and demonstrations); trade promotion (prices off, advertising and display allowances, and free goods); and business and sales-force promotion (trade shows and conventions, contests for sales reps, and specialty advertising). Further, Sales promotion tool vary in their specific objectives. A free sample stimulates consumer trial, whereas a free management-advisory services aims at cementing a long-term relationship with a retailer.

If the trend is followed, it has been observed that the Sales Promotion expenditure by various marketing companies in India has been growing at a rapid pace over the years. In 2001, there were as many as 2,050 promotional schemes of different kinds in the fast moving consumer goods industry in India. What are the different types of promotional schemes adopted by the companies in the consumer product category in India? To obtain an empirical view on this question, a study was carried out through a content analysis of 885 consumer promotion schemes announced through advertisements for the period 1996 to 2003. Some of the findings of this study are: The most frequently launched promotion is the premium offer. This scheme constituted 56% of the promotions, a sweepstake constituted 10%, Price-off constituted 8%, Buy more and save/get constituted about 4% of the promotions, Exchange offers constituted another 4% of the promotions, Contests constituted 3% of the schemes, other types of schemes, such as zero percent financing, reward points constituted the remaining proportion of the promotions. It was concluded that the market structure, consumer behavior and preferences and competitive intensity influence the nature and frequency of different types of promotion. (Source: Priya Jha Dang, Abraham Koshi and Dinesh Sharma (2005), "An Empirical Analysis of Different Types of Consumer Promotions in the Indian Market", *Asian Journal of Marketing* 11 no. 1: 104-122)

If the consumption pattern of Indian consumers is observed, it has been undergoing a significant transformation over the years. Several factors drive these changes. Improvements in economic conditions are one of the factors. Exposure to international media, foreign travel, degree of urbanization, education levels, emergence of job opportunities in service sectors such as information technology, call centers, and retailing, which influence the lifestyle are some of the changes in consumption pattern.

The consumption pattern of Indian buyer could be undergoing a significant transformation in automobile industry due to promotional schemes like Exchange Offer, Special Gift, Festival Season Offers, Contest Prizes, Product Warranties.

Theoretical overview:

According to Robert C. Blattberg and Scott A. Neslin (1990), Sales promotion is a key ingredient in marketing campaigns, consists of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade. Likewise, Kusum Ailawadi, Karen Gendenk and Scott A. Neslin (1999), observe

that sellers use incentive-type promotions to attract new triers, to reward loyal customers, and to increase the repurchase rates of occasional users. Sales promotions often attract brand switchers, who are primarily looking for low price, good value, or premiums. If some of them would not have otherwise tried the brand, promotion can yield long-term increases in market share.

Similarly, Paul W. Farris and John A. Quelch (1987) spotlights that a number of sales promotions benefits flow to manufacturers and consumers. Manufacturers can adjust to short-term variations in supply and demand and test how high a list price they can charge, because they can always discount it. Promotions induce consumers to try new products and lead to more varied retail formats, such as everyday low pricing and promotional pricing; for retailers, promotions may increase sales of complementary categories (cake mix promotions may drive frosting sales) as well as induce store switching. They promote greater consumer awareness of prices. They help manufacturer sell more than normal at the list price and adapt programs to different consumer segments. Service marketers also employ sales promotions attract new customers and establish loyalty. Roger A. Stang (1976) indicates that several factors contributed to rapid growth of sales promotion, particularly in consumers markets. Promotions have become more accepted by top management as an effective sales tool; the number of brands has increased; competitors are using promotions frequently; many brands are seen similar; consumers have become price oriented; trade is demanding more deals from manufacturers; and advertising efficiency has declined.

In context of expenditure of sales promotion, Priya Jha Dang, Abraham Koshi and Dinesh Sharma (2005) analyze that a decade ago, the advertising to sales promotion ratio was about 60:40. Today in many consumer packaged goods companies, sales promotion accounts for 75% of the combined budget. Sales promotion expenditures have increased as a percentage of budget expenditure annually. In India, the spending on sales promotion is estimated to have grown by 500% to 600% during the last few years

Also, Carl Mela, Kamel Jedidi, and Douglas Bowman (1998) states that sales promotions in markets of high brand similarity can produce a high sales response in the short run but little permanent gain in brand preference over the longer term. In markets of high brand dissimilarity, they may be able to alter market shares permanently. In addition to brand switching, consumers may engage in stockpiling-purchasing earlier than usual (purchase acceleration) or purchasing extra quantities. But, Harald J. Van Heerde, Sachin Gupta, and Dick Wittink (2003), opine that sales may then hit a post promotion dip.

Major Consumer Promotional Tools:

The main consumer promotion tools are summarized in Table-1. Manufacturer's promotion tools are, for instance in the auto industry, rebates, gifts to motivate test drives and purchases, and high value trade in credit. Retailer promotions include price cuts, feature advertising, retailer coupons, and retailer contests or premiums.

Table-1

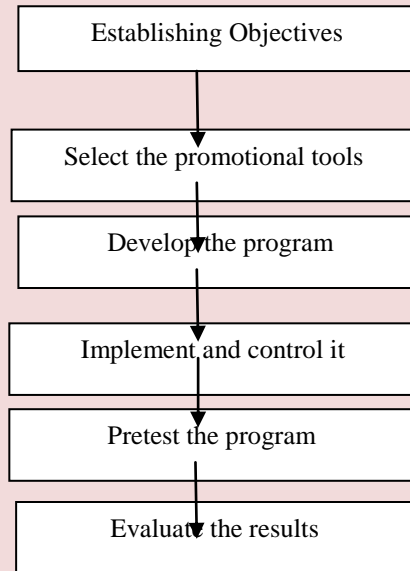
S.no.	Promotional Tools	Explanation
1.	Samples	Offer of a free amount of a product or service delivered door-to-door, sent in the mail, picked up in a store, attached to another product, or featured in an advertising offer.
2.	Coupons	Certificates entitling the bearer to a stated saving on the purchase of a specific product: mailed, enclosed in other products or attached to them, or inserted in magazine and newspaper ads.

3.	Cash Refund Offers (rebates)	Provide a price reduction after purchase rather than at the retail shop: Consumer sends a specified proof of purchase to the manufacturer who refunds part of the purchase by mail.
4.	Price Packs (cents-off-deals)	Offers to consumers of saving off the regular price of a product, flagged on the label or package. A reduced price-pack is a single package sold at a reduced price. A banded pack is two related products banded together.
5.	Premiums (gifts)	Merchandise offers at a relatively low cost or free as an incentive to purchase a particular product. A with-pack premium accompanies the product inside or on the package. A free in-the-mall premium is mailed to consumers who send in a proof of purchase, such as a box top or UPC code. A self-liquidating premium is sold below its normal retail price to consumers who request it.
6.	Frequency Programs	Programs providing rewards related to the consumer's frequency and intensity in purchasing the company's product or services.
7.	Prizes (contests, sweepstakes, games)	Prizes are offers of the chances to win cash, trips, or merchandise as a result of purchasing something. A contest calls for consumers to submit an entry to be examined by a panel of judges who select the best entries. A sweepstakes asks consumers to submit their names in a drawing. A game presents consumers with something every time they buy—bingo numbers, missing letters—which might help them win a prize.
8.	Patronage Awards	Values in cash or in other forms that is proportional to patronage of a certain vendor or group of vendors.
9.	Free Trails	Inviting perspective purchases to try the product without cost in the hope that they will buy.
10.	Product Warranties	Explicit or implicit promises by sellers that the product will perform as specified or that the seller fixes it or refunds the customer's money during specified period.
11.	Tie-in-Promotions	Two or more brands or companies team up on coupons, refunds, and contests to increase pulling power.
12.	Cross-Promotions	Using one brand to advertise another noncompeting brand.
13.	Point-of-Purchase	Point-of-purchase displays and demonstrations take place at the point of purchase or sale.
14.	Price-off	A straight discount off the list price on each case purchased during a stated time period.
15.	Free Goods	Offers extra cases of merchandise to intermediaries who buy a certain quantity or who feature a certain flavor or size.
16.	Sales Contests	A sales contest aims at inducing the sales force or dealers to increase their sales results over a stated period, with prizes (money, trips, gifts, or points) going to those who succeed.

Above mentioned promotional tools can yield unexpected profits if used wisely. Next heading discusses about the steps to be implemented for using these tools.

Major Decisions regarding Promotional Schemes:

In using sales promotional schemes, a company must establish its objectives, select the tools, develop the program, pretest the program, implement and control it, and evaluate the results (Fig.1).



(Figure-1)

Sales promotion objectives derive from broader promotion objectives, which derive from more basic marketing objectives for the product. For consumers, objectives include encouraging purchase of larger sized units, building trail among nonusers, and attracting switchers away from competitors’ brand. The promotion planner should take into account the type of market, sales promotion objectives, competitive conditions and each tool’s cost-effectiveness. While developing promotional program, marketers need to blend several media into total campaign concept.

Marketing managers must prepare implementation and control plans that cover lead time and selling time for each individual promotion. Lead time is the time necessary to prepare the program prior to launching it. Sell-in-time begins with the promotional launch and ends when approximately 95% of the deal merchandise is in the hands of consumers. Manufacturers can evaluate the program using sales data, consumer surveys, and experiments. Sales data helps analyze the types of people who took advantage of the promotion, what they bought before the promotion, and how they behaved later towards the brand and other brands.

Moreover, sales promotion seems most effective when combined with advertising. In one study, a price promotion alone produced only a 15% increase in sales volume. When combined with feature advertising, sales volume increased 19%; when combined with feature advertising and a POP display, sales volume increased 24%. (Source: John C. Totten and Martin P. Block, “Analysing Sales Promotion: Text and Cases, 2nd ed. Chicago: Dartnell)

Consumer Buying Behaviour in terms of promotional schemes:

Viewing consumer buying behavior in such a broad context suggests it is actually subset of human behavior. That is, several internal and external factors affecting individuals in their daily lives also influence their purchase activities. In fact, it is often difficult to draw a distinct

line between consumer related behavior and other aspects of human behavior. Consumer buying behavior includes both mental and physical activities of a consumer. It covers both visible and invisible activities of a consumer and also very complex and dynamic in nature.

In many cases, it is the sum total of the behavior of a number of persons. It is influenced by number of market stimuli offered by the marketer as it involves both psychological and social process. Further, consumers act differently at different times and often respond differently to the same stimulus at different times. Most of the times, they learn and thereby change their attitudes and behavior. So, it can be said that consumers are heterogeneous in nature and they are all different from each other in certain respects. They often act emotionally rather than rationally. Therefore, by understanding not only how the consumer behaves but the way he behaves as he does, the marketer makes decisions that will tie in more closely with consumer needs and desires

In terms of Automobile purchase, people today are more pragmatic before acquiring it. For most people, purchasing a car is one of the most important and expensive investment, next to purchase of a house. For the automotive manufacturers, first-time car buyers give them the opportunity to create positive brand image which definitely could be reflected in coming years because consumers could repeat car purchasing. The small car market has changed rapidly due to the fierce competition and advanced technologies. Therefore, it requires the automotive manufacturers and car dealers to understand the consumers' preference on time and take fast actions to respond to market changes quickly. Now-a-days new cars are launched very frequently with unique and novel promotional schemes. So, it would be very interesting to know consumers' preference in today's fast-changing car market

Therefore, it is attempted to study the impact of promotional schemes on car buying decision. Promotional schemes like Exchange Offer, Special Gift, Festival Season Offers, Contest Prizes, and Product Warranties could play an important role in purchasing decision of car. The research paper aims at examining the sales promotion schemes of car which attract consumers the most.

Methodology:

The present research utilizes the survey research methodology to find out the factors which affect the car buying behavior of a consumer. It is a survey based research paper. The objectives of the study were: (i) To construct and validate a questionnaire covering five promotional schemes namely Exchange Offer, Special Gift, Festival Season Offers, Contest Prizes, Product Warranties. (ii) To test the null hypothesis that the choices for purchase of car is equally distributed on five sales promotional schemes.

A questionnaire had two sections. Section A consisted of demographic questions and section B included the question regarding the promotional schemes affecting car purchasing behavior of a consumer of urban Jaipur. The sample for the present research consisted of 50 car consumers who were selected randomly from five residential areas of Jaipur namely Malviya Nagar, Bajaj Nagar, Bapu Nagar, Barkat Nagar and Gandhi Nagar i.e., ten car consumers from each area. The list of car owners living in various apartments in the identified five residential areas wherein the car parking space is available, was collected which turned out to 150. Then at random every third car owner was selected for data collection

Data Analysis and Interpretation:

The data collected was subjected to data analysis using non parametric chi-square test as the sample is small and it fulfills the requirement of the study. It was hypothesized that the choices for purchase of car is equally distributed on five promotional schemes namely Exchange Offer, Special Gift, Festival Season Offers, Contest Prizes, Product Warranties.

So, the probability of obtaining any one factor over five factors is $1/5$ and as such the expected frequency of any one scheme coming upward is $50/5 = 10$. By using observed frequency along with expected frequencies, the value of chi-square (X^2) was worked out in Table-2 and the respective percentage of each promotional scheme in form of pie-chart is shown in fig.2.

TABLE-2

The summary of chi-square test analysis (N=50; df=4)

FACTORS	OBSERVED FREQUENCY(O)	EXPECTED FREQUENCY(E)	X^2 VALUE
Exchange Offer	18	10	
Product Warranties	14	10	
Festival Season Offers	6	10	16.00**
Special Gifts	10	10	
Contest Prizes	2	10	

** significant at 0.01 level

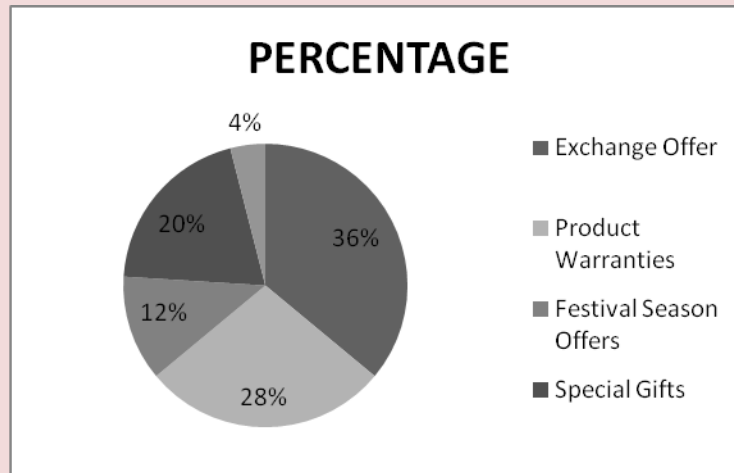


Figure-2

Findings:

Based on the analysis, following results emerged:

- The null hypothesis was rejected as there has been significant difference obtained and expected X^2 values at 0.01 level.
- There has been significant difference in two promotional schemes i.e., Exchange Offer and Contest Prizes. Therefore, the car purchasing decision is most affected by Exchange Offer and least affected by Contest Prizes.

- There is a significant positive relationship between all the considered promotional schemes and consumers' car purchasing decision.

Conclusion:

Uncovering why people buy is an extremely difficult task. The buyer's psyche is a black box whose working can only be partially deduced. The buyer is subject to many influences which trace a complex course through his psyche and lead eventually to overt purchasing responses. The findings of the study clearly show that the various promotional schemes in one or another way influence the purchasing decision of a consumer. It has also been spotlighted that consumer's car purchasing decision is the function of promotional schemes.

Implications and Discussions:

Indian Automobile manufacturers should use the combination of relevant promotional schemes as an effective tool for selling cars. Marketing strategists should recognize the potential interpretative contributions of different sales promotional schemes for explaining buyer's decision. The implications of the study are that car dealers must concentrate more on the promotional schemes and manufacturers must work on reduction on the car manufacturing costs. Moreover, the further research work is needed to use promotional schemes, provisions and facilities in the car to work out their optimum level while special promotional schemes be provided in modular form.

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MURDER ON HIGHWAY- AN UNSEEN PASSAGE- A REAL PROBLEM OF DEVELOPING INDIA

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India lives in its villages, Gandhi said. But increasingly, the people of India are dying on its roads

ABSTRACT

*Road accidents in India are caused mostly by human error as always particularly when we let pace of our life to compete with Race of wheels, it gives an universal result that is called accident, which can be fatal, if not fatal then it may be a cause of partial or permanent disability(ies). In most of the cases when accident takes place on high way it is because of “**an unseen Passage**” which is also termed as “Dead End” by so called ‘King of Roads’ and in general speaking language **Driver(S)**.*

*In reality on Road or on Highways accident is not always because of Drivers fault but some times it also takes place because of others fault. In this paper a terminology “**an unseen Passage**” has been used to discuss the gravity of this topic. In many of the cases of road accidents the real cause and motive behind incidents are left as “**unseen** ” and “**passage**” are blamed for it. If we discuss some cases of Road Accidents in past, like that of Former Delhi Chief Minister Sahib Singh Verma and Former Union Minister Rajesh Pilot both died in Road accident and on the Spot. Incident was similar Sahib Singh Verma was hit by an uncontrolled trolley that too from wrong side and Rajesh Pilot was hit by an uncontrolled Bus, both died on the spot and on “Dilli- Jaipur Highway” near Sahjahanpur and Dausa respectively. At first sight it was assumed that both were VIP and their drivers were doing rash driving. But In Sahib singh Varma case trolley hit his vehicle from different lane, Vehicle of Sahib Singh was coming towards Delhi and trolley was travelling towards Jaipur. It could have been avoided if there were a stringent rule for trolley Drivers. There is no system for checking Fitness of trolleys , no body knows that how old trolley or Dumpers are ? its break is functional or not if not who are responsible ? who should be punished ? when to punish ? where to punish ? What Kind of Punishment etc . People responsible for controlling this menace on road are not concern with*

accidents till their “Rights are protected” by these law breaking people-in Kind or cash or unless they loose their relative in accident.



1.1 : Picture Showing Collision of A Car with Truck from Back.

*In both these incidents an independent enquiry were instituted, drivers were booked under Act 304 A (Causing death by negligence) of IPC .—Whoever causes the death of any person by doing any rash or negligent act not amounting to culpable homicide, shall be punished with imprisonment of either description for a term which may extend to two years, or with fine, or with both). But here in this case neither “**Passage was Unseen**” nor “**An unseen Passage was seen**”*

Highways and city intersections often glitter with smears of broken windshield and are scattered with unmatched shoes, shorn-off bicycle seats and bits of motorcycle helmet. Tales of rolled-over trucks and speeding buses are a newspaper staple, and it is rare to meet someone in urban India who has not lost a family member, friend or colleague on the road.

Introduction

Road mishaps claim 1 life every 4.5 minutes, Indian roads witness one accident every minute and one death in road mishaps every four and a half minutes, according to the latest report of the road, transport and highways ministry the report, which was released by the transport research wing of the ministry, said that in 2010, the country witnessed 4.9 lakh road accidents in which

1.2 lakh people lost their lives. And more than half of the road accident victims are in the age group of 25 and 65 years, the 'key wage earning and child raising age group'

National Crime Records Bureau (NCRB) reveals that at least 13 people die every hour in road accidents in the country, A brief analysis of the NCRB report points to Andhra Pradesh having the highest share of deaths due to road accidents (12%) followed by Maharashtra and Uttar Pradesh (11% each).

Interestingly, contrary to the popular view of trucks being a major killer on roads, the report shows these to be the biggest victims of mishaps - 23,991 occupants of trucks and lorries lost their lives in 2010-11, this was followed by occupants of two-wheelers.



1:2 : A Picture showing a beautiful Four lane Road

Well, there are always solutions and in some ways we are moving towards that. Better and wider roads for example. States are making wearing of helmets compulsory. But road accidents are not reducing. For example one of our best roads, the Mumbai Pune Expressway, sees a fair amount of accidents. In 2010 more than sixty Five people died on this road. I has been observed that cars traveling at 140 kms per hour (speed limit is 80) on this road. In fact these speeds are a regular feature.

As a result others overtake from the left at high speeds. If the expressway is crowded, drivers simply weave in and out at dangerous speeds. There are rarely any cops to be seen. If educated

people aware of traffic rules and with proper licenses break traffic rules, what can we expect from those who are unaware of traffic rules, and those who have not passed a driving test before getting their licenses? What can we expect from drunk drivers? What can we expect from drivers who suffer from road rage? Why, murder of course. And if they have clout, they can get away with it. Also, inspite of the right lane meant purely for overtaking, many cars love to hog this lane. Picture 1:3 was taken just a couple of days ago, showing how reckless driver we are.



1:3 : A Picture showing Scene of Impatient and Reckless Driving

A survey shows that half of the teenage population meets their premature death due to unsafe vehicle driving. Teenagers think that they are grown up enough to drive a car on road; but the insufficient and shallow knowledge of driving often leads to fatal car crashes.

Proper training and education for safe and professional driving has to be given to them before handling them their vehicles first place. Well, it is true that first thing a kid wants when he / she enters the age of adolescence is their own vehicle to drive for transportation.

Teenagers drive their car very roughly, with full speed; lacking the knowledge of safe driving. The use of mobiles phones while driving is found to be the most common ones among the teenagers, which leads to fatal vehicle collisions. Mainly, the inexperience, immaturity and distractions are the major cause that teenagers face while driving.



1: 4 : Picture Showing A head on Collision of A Car with Truck

Incidentally, India holds the dubious distinction of registering the highest number of road accidents in the world. According to the experts at the National Transportation Planning and Research Centre (NTPRC) the number of road accidents in India is three times higher than that prevailing in developed countries. The number of accidents for 1000 vehicles in India is as high as 35 while the figure ranges from 4 to 10 in developed countries.

India overtook China to top the world in road fatalities and has continued to pull steadily ahead, despite a heavily agrarian population, fewer people than China and far fewer cars than many Western countries.

While road deaths in many other big emerging markets have declined or stabilized in recent years, even as vehicle sales jumped, in India, fatalities are skyrocketing — up to 40 percent in five years to more than 119,558 in 2010, the last figure available.

The dangerous state of the roads represents a “total failure on the part of the government of India,” said Rakesh Singh, whose 16-year-old son, Akshay, was killed last year by an out-of-control truck in Bijnor, in the state of Uttar Pradesh, as he walked along a highway to a wedding.

The truck crushed Akshay so completely that his father could identify his son only by his shirt. The truck also ran over a second man and drove away.



1: 5 : Picture Showing a case of Distracted Driving

Car accidents are not a criminal that drove drunk, sped or ran a red light. Distracted drivers are the top cause of car accidents in India. today. A distracted driver is a motorist that diverts his or her attention from the road, usually to talk on a cell phone, send a text message or eat food.

Executive Summary

The problem lies not at the driver's end but with teenagers, who tend to be impulsive and fearless. They are much more apt to speed, tailgate, shun seat belts, and show off. Indeed, about 44 percent of teen accidents are single-car crashes, such as smashing into a tree, which basically indicates foolish driving. A direct approach to the problem would be to raise the age at which teens can get their licenses. Beginning drivers who are over age 21 have fewer crashes and other problems than do beginners in their teens. In fact, many countries don't license drivers under 18.

Every day in India, 320 people are killed in traffic accidents, the highest rate in the world. What will happen when Obtaining a driver's license is one of the most triumphant events in a teenager's life. It's also a day most parents should dread, because teenagers are the most unsafe drivers on the road, a threat to themselves and others. Seventeen and eighteen year olds represent only a small per cent of all drivers, but they are involved in a lot of crashes.

Objectives

Reckless driving and the juxtaposition of pedestrians and fast-moving heavy vehicles is common. The expressway that runs southeast from Delhi to Greater Noida, a fast-growing

satellite city, cuts through farmland interspersed with new industrial parks and shopping malls. Small settlements of huts piled with cow-dung patties fringe the road.

During a 40-minute ride on that highway, a tractor hauling gravel was seen driving the wrong way, a milk truck stopped in the road so its driver could urinate and motorists swerved to avoid a bicycle cart full of wooden tables in the fast lane. Drivers chatted on mobile phones as they steered stick-shift cars and wove across lanes. Side mirrors were often turned in or were nonexistent.

A cluster of women in saris holding small children waited anxiously for a gap in traffic so they could race across the highway. Opposite them, a group of young men in office attire waited to cross in the other direction.

The breakdown in road safety has many causes, experts say. Often, the police are too stretched to enforce existing traffic laws or take bribes to ignore them; heavy vehicles, pedestrians, bullock carts and bicycles share roadways; punishment for violators is lenient, delayed or nonexistent; and driver's licenses are easy to get with a bribe.

- ❖ The objective of this paper is to explore why accident happen more in India in comparison to Developed Countries.
- ❖ Think of ways to reduce the number of vehicles on the roads.
- ❖ Study how these issues are tackled in advanced countries.
- ❖ Speed controlling measures such as speed bumps, rumble strips, road markings, traffic signs, and roundabouts.
- ❖ How media can be instrumental in making people aware of safe driving on Highways.

Indian Scenario

In the rest of the world, a rise in high-speed roads does not always have to mean a rise in deaths. In Brazil, for example, new, privatized highways have much lower rates of fatal accidents than other roads.

Private companies building and running new highways in India say that their hands are sometimes tied. From his office overlooking a 32-lane set of tollbooths, Manoj Aggarwal, chief executive of the road-building company Delhi-Gurgaon Super Connectivity, says he witnesses hundreds of traffic violations every day that he cannot stop.

“Look at this man in the middle of the road,” he said during an interview, pointing to a pedestrian slowly weaving his way through the traffic. “I can't fine him. I can't punish him.”



1: 6 : Picture showing Interesting and Unique Scene of Traffic Violation

Only the police can ticket or fine speeders, or people who are on the roads but they will not. As they are, over-burdened and understaffed, the police are rarely available, In 2010, 79 people were killed on just this 27-kilometer stretch of highway, earning it the nickname “Expressway to Death.”.

Shivani, a 15-year-old student, recently landed in St. Stephen’s Hospital in Old Delhi with a fractured right leg after just such a highway dash.

“I don’t know what happened,” she said. “I was trying to cross the road.” Her forehead and knuckles were blackened and scraped, and her eyes were glazed after a four-day coma.

She has to cross a busy highway during her one-kilometer walk to school. There are no crosswalks, no underpasses and no stoplights.

As cars increase, those who cannot afford them and continue to travel on foot, bicycle or rickshaw are more vulnerable, safety experts say. Dr. Mathew Varghese, the head of St. Stephen’s orthopedics department, said he saw hundreds of patients a year like Shivani. The government is building “economic growth on the dead bodies of the poor on these highways,” he said.

Frustrated Indians often take matters into their own hands, forming impromptu mobs to beat up offending drivers. “Road rage” incidents, where drivers step out of their cars and get into

physical altercations, have become common. Some people have begun campaigns to curb unsafe driving.

“People don’t understand the value of life here,” said Ramesh Sharma, a consultant from Mumbai, whose wife was riding a motor scooter when she was crushed by a speeding bus two years ago. Helmet laws apply only to men, and she was not wearing one. The bus driver was out on bail in four or five days. Now Mr. Sharma stops reckless drivers to tell them about his wife and to ask them to drive more carefully.

Safety “needs to be an important part of the driving culture, and that is still lacking,” said Harman S. Siddhu, president of Arrive Safe, a road safety awareness group in Chandigarh. He started it after he was left paralyzed by a car accident in the Himalayas. Last year during Raksha Bandhan, a festival celebrating the bond between brothers and sisters, Arrive Safe enlisted thousands of sisters to beg their brothers to drive carefully.

Solution of Road Accidents

So, why do accidents happen? 80% of road accidents are caused because of human error say senior police officials, The Institute of Health Systems has a few solutions :

- Be more stringent in issuing licenses.
- Think of ways to reduce the number of vehicles on the roads.
- Be strict about usage of helmets.
- Make separate lanes for heavy vehicles.
- Study how these issues are tackled in advanced countries.

The World Bank has some suggestions as well :

- Increase awareness about road safety among road users, planners and engineers. In fact, the World Bank sees public awareness campaigns as a vital part of its efforts to improve road safety. They had designed one such project for the National Highway Authority of India.
- Introduction of Road safety audits.
- Speed controlling measures such as speed bumps, rumble strips, road markings, traffic signs, and roundabouts.
- Building of separate non-motorized traffic and motorcycle lanes to ensure the smooth flow of traffic.

CSR OF MEDIA ON ACCIDENT-“

Media can play Important role in Preventing Accident on Highway”What is CSR- CSR (implies) continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large’ The corporate social responsibility (CSR) concept has recently become more heavily widespread and at the heart of some companies agendas. Media can play a major role in preventing accidents on Road by spreading rules and punishment related to **“Rash and Negligent Driving”** and so the **Rule related to “Safe Driving”**.

Veteran Journalist and News Director, Aaj Tak (A TV Today Network Private Limited) Qamar Wahid Naqvi says that It is a matter of great concern that road accidents are increasing at alarming rate in India. There seems to be two reason for this, One is huge growth in number of Vehicles on Indian Road in recent years and another is either ignorance or general disregards of traffic rules by majority of drivers.

Media too is a culprit in this because it did nothing to create any awareness among masses regarding road safety and sensible driving. It is unfortunate to note that in number of road accidents often the “Victims” or died use to be at fault. This is most common in accidents involving two wheelers , cyclists or pedestrian. But while reporting such cases media never highlights real cause of the accident, and most often blame is put on “ speeding Car, Truck and Bus “.

There is no denying the fact that Speed and rash driving by car, Bus or Truck drivers is a major most common cause for road accidents but at the same time several cyclists, Pedestrians or Two wheelers drivers suffer in accidents because of their disregard of traffic rules. Media Should Highlight both aspects of the issue and educate masses that how they can prevent accidents and loss of lives by simply obeying traffic rules and Speed Norms.

So Media should also not catch up Road accident as a juicy news or as a TRP material but should give emphasis on pointing out the real cause behind accident. Once Media starts educating the people about Safe Driving death toll is bound to fall and also the “ Unseen Passage “ of Murder on Highways will be seen .

Discussion

Safety studies have found that a majority of accidents occur either due to the driver's error or due to the negligence of the safety norms. Driver fatigue, drunken driving are some other reasons of the mishaps. The actions like dangerous overtaking, lane cutting, jumping of signals, erratic parking can be counted as major causes for the calamities on the roads. Here are Eight Major cause of Accident on Highways in India.

1.Speeding : Many drivers ignore the speed limit and drive 10, 20 and sometimes 30 mph over the limit. Speed kills, and traveling above the speed limit is an easy way to cause a car accident. The faster you drive, the slower your reaction time will be if you need to prevent an auto accident.

2.Drunk Driving : When you drink, you lose the ability to focus and function properly and its very dangerous when operating a vehicle. Driving under the influence of alcohol causes car accidents every day, even when they are one the top causes that can be avoided. Always use a designated driver if you go out and drink.

3.Running Red Lights: When you're driving your car, red means stop and not doing so usually leads to car accidents. Drivers that run red lights, run the risk of causing wrongful death because they often cause side-impact collisions at high speeds. To avoid a car accident, look both ways for oncoming cars as you approach a green light

4.Teenage Drivers: Youth is wasted on the young, but careful driving is never wasted on young drivers. Unfortunately, teenagers aren't often known for their carefulness. When teen drivers hit the roads they don't always know what to do and that lack of experience ends up causing car accidents.

5.Unsafe Lane Changes :There will always come a time where you need to get over to another lane (i.e. exit from a freeway, get in the correct lane to make a turn, etc.). When drivers don't make safe lane changes properly, it often leads to a car accident. To prevent a needless car accident, use your turn signal, check your blind spots and always proceed carefully into the next lane.

6. Design Defects :No product is ever made perfectly, and cars are no different. Automobiles have hundreds of parts, and any of those defective parts can cause a serious car accident. Many automakers have had problems with design defects in the past, including Ford Explorer rollover accidents and Toyota's unintended acceleration crashes.

Number of Accidents and Number of Persons Involved, No of Person Killed Per 100 Accidents
--

Year	Number of Accidents		Number of Persons		Accident Severity
	Total	Fatal	Killed	Injured	
2001	405637	71219 (17.6)	80888	405216	19.9
2002	407497	73650 (18.1)	84674	408711	20.8
2003	406726	73589 (18.1)	85998	435122	21.1
2004	429910	79357(18.5)	92618	464521	21.5
2005	439255	83491(19.0)	94968	465282	21.6
2006	460920	93917(20.4)	105749	496481	22.9
2007	479,216	101,161 (21.1)	114,444	513,340	23.9
2008	484,704	106,591 (22.0)	119,860	523,193	24.7
2009	486,384	110,993 (22.8)	125,660	515,458	25.8
2010	499,628	119,558 (23.9)	134,513	527,512	26.9

1: 6 : Table Showing Road Accidents in India (Source Annual report of Ministry of Road and Surface Transport)

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8.Potholes/ Motorists are well aware of the dangers posed by potholes in the street. Drivers run the risk of losing control of their car or blowing out a tire when they drive over these potholes. If you see a pothole in your car's path, you can avoid a car accident by making sure that your tires do not drive over it.

Usually, accidents are prevalent in urban cities where "Speed" of the vehicles is uncontrollable and where each and every individual is in hurry. Private vehicles get struck in the local roads while the commercial vehicle accidents are prevalent on highways. Buses are one more player. Many bus tyres get exploded, while most accidents occur because they do not use dim headlights

Accidents are quite common on Indian Roads. According to figures by the Road Safety Cell of the Union Ministry of Road Transport and Highways, there were 3.9 lakh accidents in 2000; 78,911 were killed and 3, 99,265 injured. Moreover with the rapid urbanization, India has seen an un-precedent growth of motor vehicles. Currently motor vehicle accidents rank ninth in order of disease burden and are projected to be ranked third in the year 2020. Worldwide, the number of people killed in road traffic crashes each year is estimated at almost 1.2 million, while the number injured could be as high as 50 million. In India, over 80,000 people die in the traffic crashes annually, over 1.2 million are injured seriously and about 300000 disabled permanently.

On Indian roads, the safest driving policy is to assume that the other drivers will not respond to the traffic situation in the same way as you think. Apart from power steering and power brakes in our vehicles, we need both road sense and the necessary infrastructure. Though most of the accidents can be reduced by training drivers and enforcing rules, law does not tell you to be courteous. That one has to be self cultivated.

Apart from the infrastructural loop holes, vehicle manufacturers are also to blame to some extent. Knowing the extent of the impact of accidents in India, proper safety measurements are not implemented in vehicle designing for Indian roads. Equipment including safety air bags and many more, although present in vehicles abroad, are absent in Indian vehicles.

Most Indian roads are not exactly vehicle friendly. Apart from badly paved roads, there is also bad traffic sense—a potential accident which is just waiting to happen. There are a lot of young people driving on the city's roads. And parents too do not really enforce the proper age limit on when to drive. Also, youngsters love the thrill of speed and this and rash driving can result in some really bad accidents.

The ministry is reviewing the Motor Vehicles Act and, three years after a government-backed committee recommended that a national road safety board be established, it has introduced legislation to that effect in Parliament.

Conclusion

Evidence of road accidents seems to be everywhere in urban India. Road related accidents cost India millions every year, but there is no sign of any possible intervention. To despair, there is no available record of precisely how much developmental money is lost due to road related accidents, and how much compensation is paid to road accident victims. Highways lack some sort of preliminary road safety measures including first aid emergency services etc. It is really ironical to note that, we have numerous liquor shops, motels, fun parks, and petrol pumps spread all over the highways, but scarce, or to be more precise, negligible trauma centers on highways.

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There are many ways to prevent teen driving accidents. Proper training and acquiring the knowledge of defensive driving education can prevent them from these accidents. Many country like Houston. Texas. gives defensive driving education from defensive driving classes . defensive driving education from defensive driving classes .

They teach the teenagers of Houston, how to drive vehicles with proficiency taking care of all driving rules. The instructors will make teenagers aware about the results of rash driving and help improving their driving skills. This technique will automatically spread awareness among teenagers and the graph of road accidents will be reduced gradually. If one teenager will enroll to learn defensive driving, he / she will recommend others to join and learn defensive driving. And as a result, the overall scenario will get changed and we will find out that the ratio of teenagers dying in the road accidents will get slow down.

A lethal brew of poor road planning, inadequate law enforcement, a surge in trucks and cars, and a flood of untrained drivers have made India the world's road death capital. As the country's fast-growing economy and huge population raise its importance on the world stage, the rising toll is a reminder that the government still struggles to keep its more than a billion people safe.

In China, by contrast, which has undergone an auto boom of its own, official figures for road deaths have been falling for much of the past decade, as new highways segregate cars from pedestrians, tractors and other slow-moving traffic, and the government cracks down on drunken driving and other violations.

International safety experts say the Indian government has been slow to act. Bringing down road deaths “requires political commitment at the highest level,” said Dr. Etienne Krug, director of the department of violence and injury prevention at the World Health Organization said that India's government is “just waking up to the issue.

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E-CHOUPAL: GATEWAY TO DEVELOP AGRICULTURE MARKET

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ABSTRACT

ICT has potential to make significant inroads in a traditional agrarian economy like India. Indian agro-sector has been exploiting the benefits to ICT. Innovative ICT application platforms are being created by private sector players in conjunction with local farmers. One such private initiative has been by ITC Ltd in the state of Madhya Pradesh. It has helped the farmers in many ways, such as developing of local leadership, shared ownership of the assets created in this initiative, access to the latest knowledge for the agro-sector, sustainable income levels and skill development for productivity improvement. This initiative from ITC has become a benchmark today in the ICT initiatives in agro-sector. Several best practices can be learned from this initiative, namely: Ease of replicability and scalability, Customization to meet the specific local needs and Organizational commitment. The success of E-choupal has heralded a new era in the Indian agro-sector. The work needs to be carried forward and replicated in the other untapped areas. Creating business channels that can create a win-win situation both business and farming community has enormous economies of scope. Once a channel is created it could be used for many products and services as shown in this case study. The main reasons for the success of the platform have been the involvement of local farmers and maintenance of the rural IT network by the corporate entity.

Keywords: *Rural E-Market, Shared Ownership, Local Leadership, Meta Market, ICT: Information and Communication Technologies.*

Introduction

“No power on earth can stop an idea whose time has come”

India is second most populous country in the world. Majority of its population lives in villages & earns their livelihood through farming. Agriculture is the backbone of Indian economy. It contributes around 26% of the total GDP. 65% of Indian population lives mainly in its 600,000 villages. Agriculture is the

mainstay of the majority of the villagers as they are employed in agriculture or agriculture related services. Presence of diverse agro climate zones and a variety of soil and agro-climatic conditions have made possible

the cultivation of almost every item from cash crops to food grains. Agriculture provides livelihood to about 65% of the labor force and accounts for 8.56% of India's exports. After USA, India has maximum area of arable land but productivity per hectare is nowhere near the world best. India is not in the top ten countries in terms of productivity of rice and wheat. Despite green revolution Indian agriculture sector has not been able to achieve the world level productivity. Cardinal reasons behind this are highly fragmented nature of Indian farming with close to 33% of arable land held in units of less than 2 hectares per owner.

Mandi Process:



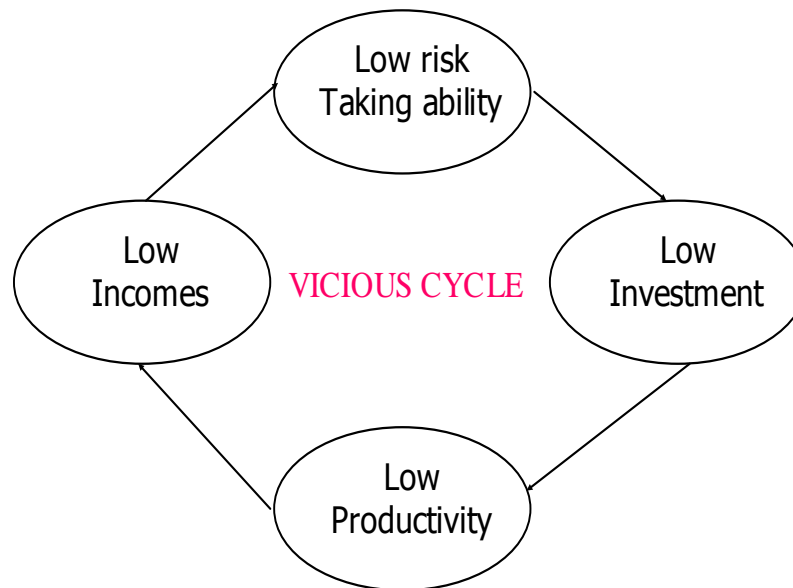
Source: E -Kiosks for Socio- Economic Development

Disadvantages:

- Long distance between mandis
- Fragmented payments by traders to farmers.
- Monopolization of information by the traders communities.

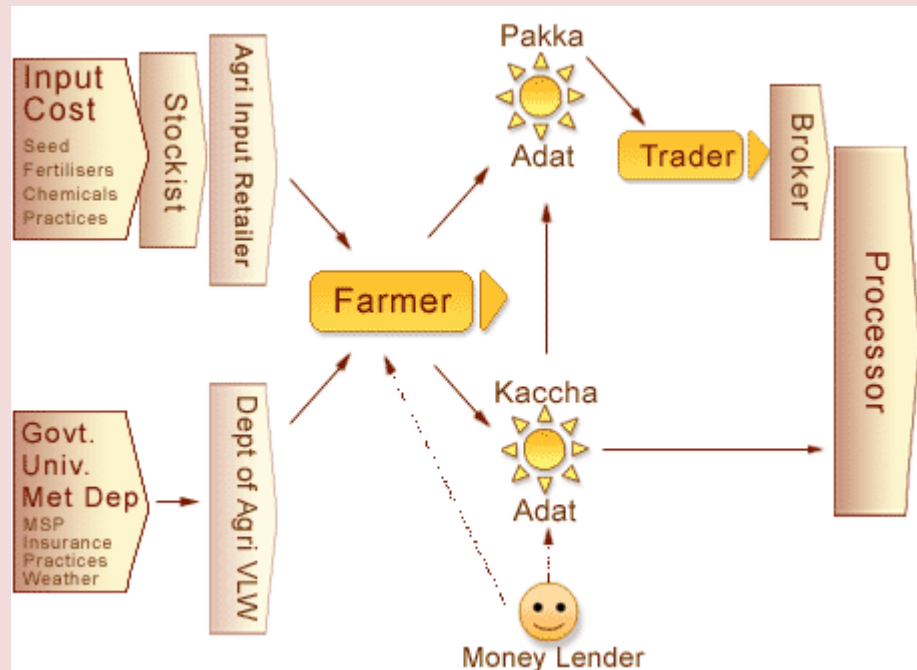
It doesn't let farmers enjoy the economies of scale in operations and modern farming equipment proves very expensive for them, due to which quality is also a problem.

Farmer caught between the Devil & the Deep Sea



Source: Presentation – Apt World Bank, Leveraging investment for rural ICT development.

The fragmented farms are constraining the risk taking ability of Indian farmer locking him up into a vicious cycle of low risk taking ability > low investment > low productivity > weak market orientation > low value addition > low margin > low risk taking ability. So there is a need to look for interventions that can help the farmers realize higher level of income. This is a case study of the development of a rural market hub using a set of information communication technologies. This is the largest e-market initiative undertaken by any corporation in India and also it has been a successful experience. Many others are trying to replicate this.



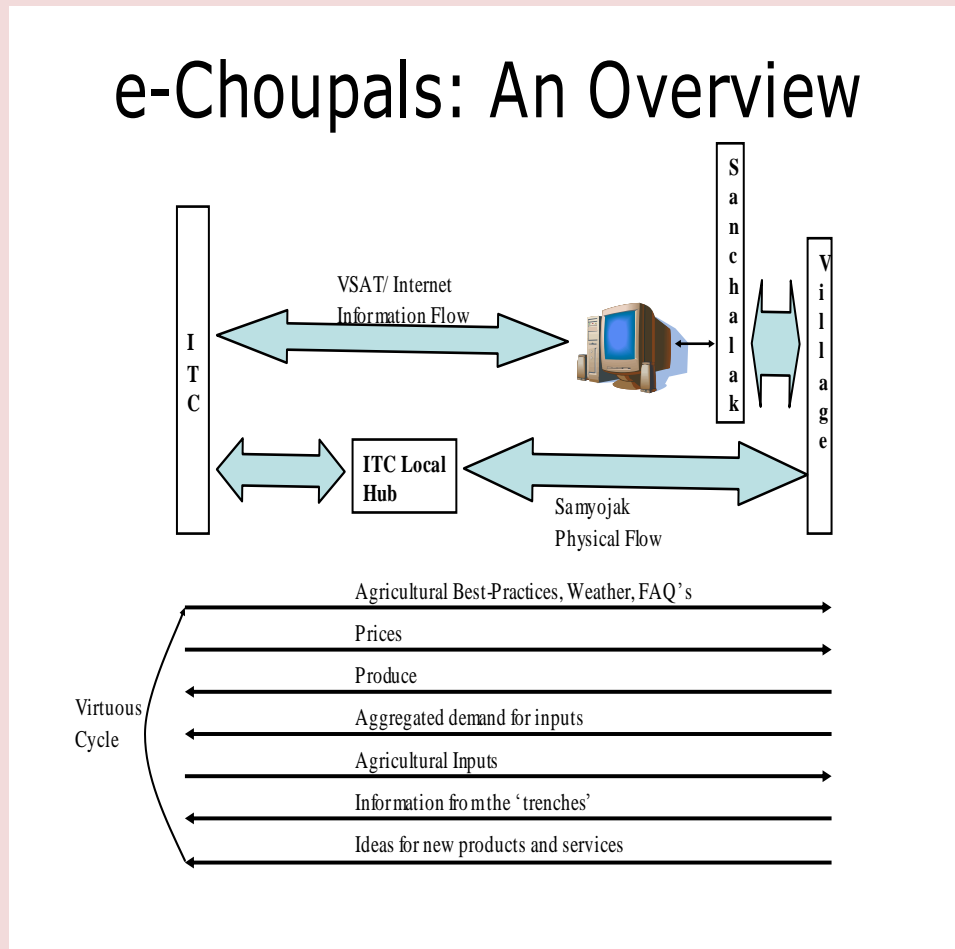
Source:

Presentation – Apt World Bank, Leveraging investment for rural ICT development

Indian farmers rely on Department of Agriculture for various inputs such as weather, modern and scientific farming practices and insurance cover. All these are accumulated by the VLW of Department of Agriculture from various sources like Government Universities, Meteorological department, insurance companies’ etc. For seeds, fertilizers etc. farmers approach input retailer who source them from wholesalers who are in direct contact with the manufacturers. After harvest, farmers bring their produce to Mandis (regional market yards) in small multiple lots throughout the year, where the beans are

auctioned to the traders and agents of the processing companies in an open outcry method. The Government, to facilitate fair price discovery and enable aggregation of goods, regulates these market yards. Successful bidders then bag the beans, weight them, pay cash to the farmers, and transport the cargo to the processing units (to whom it would have been sold through a broker). Many intermediaries carry out this whole activity, each one acting as a principal with the next leg in the transaction chain. But with every intermediary the cost of produce increases to the processor as intermediary adds his profit margin to the cost although the farmers get the lowest price and margin in the whole value chain. Apart from this intermediaries also block the flow of market information to the farmers and use that information for their own good. Here poor farmers are squeezed to the maximum without the benefits of their labor accruing to them but to the intermediaries. International Business Division of ITC started the new initiative namely E-choupal (village meeting place on an electronic platform).

E-Choupal



Source: ITC's E-choupal: An Overview Kuttayan Annamalai, Sachin Rao, University of Michigan Business School (presentation)

E-choupal is a Hindi word which means “**village meeting place**”. Market is a meeting place where vendors and customers come together to do transactions. E-choupal is a **virtual** market place where farmers can transact directly with a processor and can realize better price for their produce. E-choupal has the advantages of the market but spans very large varieties of vendors and customers. Geographical distances do not restrict participation in the E-choupal. The main disadvantage of conventional market is that information asymmetry is inherent in the market where as E-choupal provides for transparent transactions. This enables the participation of smaller as well as larger players. Elimination of some layers of intermediaries allows for larger share of profits to reach the lower end of value chain. The main

attractiveness of E-choupal is that it can be used for connecting large producers/small producers and small users/large users, thereby eliminating the need for hierarchy of brokers. Internet is used as a low transaction cost backbone for communication. Physical delivery of produce to the processor is still done through the existing intermediaries. E-choupal does not attempt total elimination of intermediaries, as intermediaries are indispensable in economy like India where intermediaries are adding value to the every step of value chain at a low cost. Intermediaries have the expertise in storage, transportation, quality assessment and counter party risk reduction, which are difficult to replicate. E-choupal provides farmers with all the market information and this helps them to become market oriented. In E-choupal intermediaries are leveraged but they are disintermediated from the market information flowing to the farmers.

Idea Generation

The idea of creating and leveraging an electronic market place came from the brainstorming session done by senior executives of ITC-IBD. ITC believes in using a business model that does good to society and helps in improving the standard of living of stakeholders as well as add value to the shareholder wealth. He also believed that to tap the Indian rural market opportunity, and to reach across a wide range in rural India, the leaders have to understand and unleash the power of the small-scale entrepreneur in village communities.

Idea Initiation

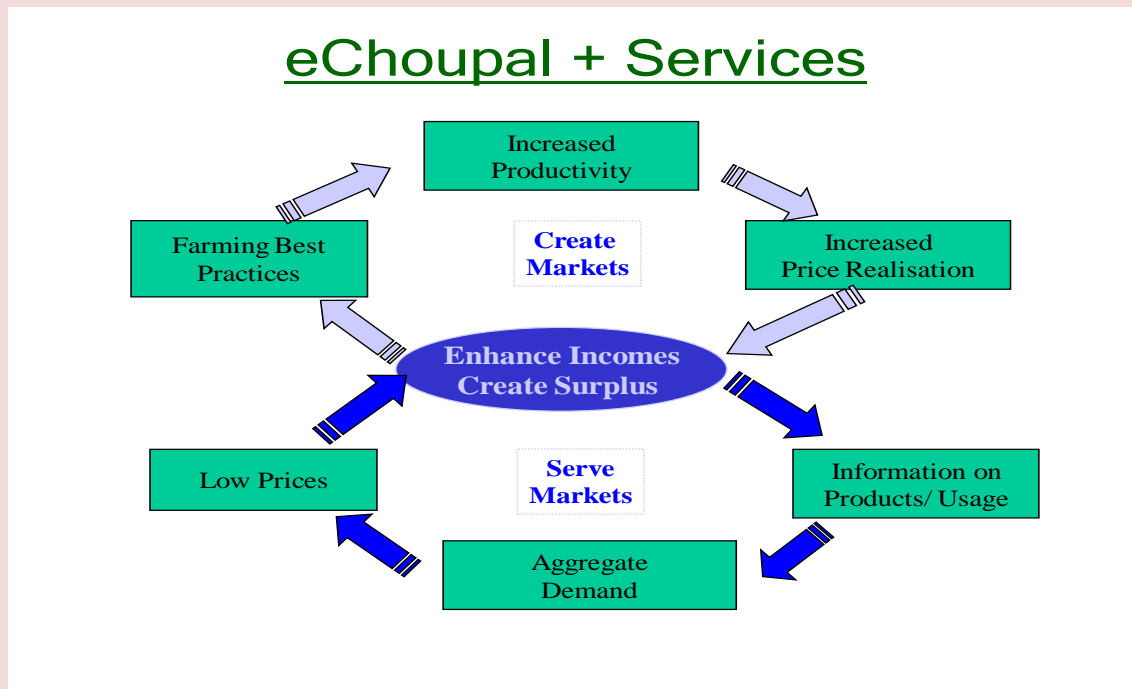
The challenge of servicing the changing needs of global customers, competing with the aggressive transnational trading behemoths in a low margin agri-commodity business, operating from a high cost economy like India and looking for alternative markets in the period of recession were the basic business driver behind the new business model. Apart from this ITC was increasingly looking to introduce service element in its activities and improve the customer centricity. Service element was never tried in commodity business in India before. ITC was aiming to introduce new lots, new varieties, new packaging and non-standardized orders through the new model. ITC is the major exporter of soya bean. It used to buy soya bean mainly from the local markets. This created the problem of poor quality produce; need to handle a large variety and high cost of intermediation. Indian market has inadequate physical, social and institutional infrastructure that is substituted by intermediaries and they also add value to the chain on every step. ITC was looking for a solution that doesn't eliminate the intermediaries entirely but at the same time leverage their strengths.

Technology used in the E-choupal

- **Power constraints:** Sporadic availability of power (unreliable) and substandard quality of power ITC overcame this constraint by installing battery based UPS backup. Now solar battery chargers are used. 1 charge = 70 to 80 minutes of computer usage.
- **Telecom Infrastructure:** Usually poor infrastructure. As of now rural telecommunications infrastructure is designed to carry voice traffic only. Transmission speed being slow restricts internet access. Initial solution to this constraint was to help C-DOT improve their RNS kits to allow for increased transfer up to 40 kbps from the earlier 12 kbps (Dial-Up connection)
- **Dial-Up to VSAT:** Dial-up connection was not sufficient to drive future proposed applications. In order to support transactional capabilities and multimedia applications, ITC adopted a satellite based technology VSAT. Now has a speed up to 256 kbps. (Cost per installation=Rs 120,000)
- **Applications:** The Web site www.soyaChoupal.com is the gateway for the farmer. The Web site is protected and requires a user ID and password to login. As of now *sanchalaks* are the only registered users.
- **Weather:** Localized weather information is presented on regions within a 25 kilometer range. Typically 24- to 72-hour weather forecasts are available along with an advisory. Weather data is obtained from Indian Meteorological Department
- **Pricing:** The E-choupal Web site displays both the ITC procurement rate and the local *mandi* rates. ITC's next day rates are published every evening. The prices are displayed prominently on the top of the Web page on a scrolling ticker.
- **News** For the soyaChoupal Web site, relevant news is presented from various sources. In addition to agriculture related news, this section also includes entertainment, sports, and local news.
- **Best practices:** Best farming practices are documented by crop. Here again, the information presented is action-based. For instance, this section not only highlights what kind of fertilizers to use but also how and when to use them
- **Q & A:** This feature enables two-way communication. Here a farmer can post any agriculture related question he needs answered.
- **System Support:** ITC has about 15 engineers who provide field infrastructure support to the E-choupals. They average about one or two calls a day. Each E-choupal is visited about twice a month for infrastructure support. The support cost is estimated at Rs. 300 per visit. In the future ITC proposes to improve service and lower costs of infrastructure support through remote help desk tools and network automation.

Benefits of E-choupal

E-choupal has been successful. It has reduced the cost of procurement and the cost of transit and the material handling cost. Procurement transaction costs are reduced from the industry standard of 8 percent (farmers incurs 3 percent and the processor incurs 5 percent) to 2 percent (with farmer saving all his 3 percent, and the processor ITC – saving 3 percent). The total cost incurred on the initiatives so far has been Rs.50 million (Rs.35 million as capital cost towards computers and other hardware at the kiosks as well as central servers and Rs.15 million revenue expenditure incurred towards portal development, people overhead etc.). But ITC has gain benefit Rs. 20 million, which is the equivalent of full investment on 40 percent of the Choupals (Kiosks). In terms of future revenue, the outflow is 52.1 million in 2001-02 which reduces to 3.90 million in 2005-2006 and for 2006-07 is estimated as 2.70 million. Where as inflow in 2001-02 is 15.3 million where as 65.0 million in 2005-2006 and estimated as 85.0 million in 2006-2007. The internal rate of return (IRR) on the project works out to be 21.55 percent. In the mandi system, there was a mark up of 7-8 percent on the price of soybean from the farm gate to the factory gate of this mark-up 2.5 percent was born by the farmer while 5 percent was borne by ITC with E-choupal, ITC cost are down to 2.5 percent. In absolute terms, both the farmers and ITC save about \$ 6 per metric ton percent).



Source: Presentation – Apt World Bank, Leveraging investment for rural ICT development

Benefits to the Farmer

- Farmers have access to prices and can make critical decisions of when and where to sell.
- Saving on transportation costs from the field to the mandi
- ITC's electronic weighing scales and transparent checks ensure 'intentional spillage' doesn't occur
- ITC's agricultural inputs cost substantially less than those offered at the mandi
- Farmers save almost 2.5% over the mandi system (Rs.400 – 500 per ton of soy) thanks to a more efficient market system e.g. cultivation of soy has increased from 50 – 90% in e choupal areas
- They can take advantage of services provided by the E-choupal to improve their crop output and farming practices
- Increased self respect as they are treated as co partners in a business relationship

Benefits to the Company

- Lower transaction costs:

- ITC pays only a 0.5% commission to the Sanchalak as compared to the 2.5 – 3% paid to the agents under the mandi system (including true cost of inefficiency and intermediary costs)
- Has found it cheaper to reimburse farmers transportation costs that pay agents for transportation. (managed to save almost RS. 200 per ton)

- Direct virtual vertical integration through e -choupal allows ITC to communicate directly with the farmers
- It gets excellent ‘bottom up information’ on pricing, product quality, soil conditions etc. from the Sanchalak
- Allows them to develop a long term supplier relationship with the farmers, ensuring supply security over time
- By providing quality agricultural inputs and buying quality crops, ITC can ensure a satisfied customer base

Development Benefit

The E-choupal system gives farmers more control over their choices, a higher profit margin on their crops, and access to information that improves their productivity. By providing a more transparent process and empowering local people as key nodes in the system, ITC increases trust and fairness. The increased efficiencies and potential for improving crop quality contribute to making Indian agriculture more competitive. Despite difficulties from undependable phone and electric power infrastructure that sometimes limit hours of use, the system also links farmers and their families to the world. Some sanchalaks track futures prices on the Chicago Board of Trade as well as local mandi prices, and village children have used the computers for schoolwork, games, and to obtain and print out their academic test results. The result is a significant step toward rural development.

Challenges

- Illiteracy about computer in rural areas as well as rural population has low trust on Electronic system.
- Selection of an educated, intelligent, reliable and matured person as a sanchalak.
- Improper knowledge about rural market.
- Vicious circle of intermediaries (Adatiya & Brokers).

- Improper and complex user interface on E-choupal.
- Lack of rules and regulation related to electronic Choupal.
- Mistrust about inspection, testing and weighing of produce on centres.

Future of E-choupal

It has a great future and we have great plans. In the long term, it will be very large service in terms of its size. We want to spread this in 100,000 villages. In terms of scope of activities, it will be a universal business platform. Whatever that moves out of rural India into rest of the world and whatever moves out from rest of the world to rural India can and will go through the E-choupal. This will be a channel that will be very business effective. The active participation of farmers in this rural initiative has created a sense of ownership in the project. They see the 'E-choupal' as the new-age cooperative for all practical purposes. This enthusiastic response from farmers has encouraged ITC to plan for the extension of the 'E-choupal' initiative to 15 states, from 8 states currently, over the next few years.

ITC's rural initiative 'E-choupal' business to generate \$ 2.5 billion revenue by 2010

ITC's rural initiative 'E-choupal' business is projected to fetch \$ 2.5 billion in revenues by 2010, the company has projected "We are currently doing business worth \$ 500 million through the E-choupals and with further expansion as well as diversification, this is going to rise to around \$ 2.5 billion by 2010," the company currently has 5,600 E-choupals in six states covering 35,000 villages catering around 3.5 million farmers. Target is to have 20,000 E-choupal centres by 2010 when we expand to 15 states, targeting 1,00,000 villages and 25 million farmers,"

Through the E-choupals, which are information technology-driven initiative, ITC delivers real-time information and customised knowledge to improve the farmer's decision-making ability, thereby better aligning farm output to market demands, securing better quality, productivity and improved price discovery. The model helps aggregate demand in the nature of a virtual producers' co-operative, in the process facilitating access to higher quality farm inputs at lower costs for the farmer, also creating a direct marketing channel for the farmer as well as for the company.

The company is also on an expansion mode for 'Choupal Saagars' - its rural retail initiative, which targets the farmers and caters to his various needs like farm implements and equipments, healthcare, apart from acting as a normal retail outlet for various consumer products. "In the next few months, we will add around 35 new Choupal Saagars and by 2010, hope to increase their number to 100-200.

Conclusion

E-choupal provides the "last mile" complementary solution for rural communities by introducing high-tech and high quality services in low income settings. This has helped to push geographical barriers and overcome cost constraints. Experiments have consistently demonstrated the importance of creating trust in local communities, as well as introducing incentives to start using these new facilities at the local level. E-choupals are acting as change makers, and are well set to achieve the mission of "Health-For-All" within its macro agenda for transforming rural economy through innovative solutions and services. Since from this project we can also say that E-choupal play a very important role in agriculture sector by this farmers get extra benefits and the income of farmers are also increased .it is a boon for farmers. If other states government also adopts the business model of E-choupal then by this they also get more development in the state agriculture sector. Economic development is also occurring with increase in GDP. So it is a tool for India which plays an important role in country development.

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**STUDY ON SATISFACTION LEVEL DERIVED BY THE USERS OF
PANTENE SHAMPOO IN WESTERN MAHARASHTRA**

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Abstract

The shampoo market in India has changed significantly since 1960 when it first became a lifestyle product in urban homes. As of 2008, it was a very competitive market with dominant players such as Hindustan Unilever Ltd. and Procter & Gamble Company.

P&G's hair care business comprises of Pantene, the world's largest selling shampoo, Head & Shoulders, the world's No. 1 Anti-dandruff shampoo, Rejoice – Asia's No. 1 Shampoo, and Wella- international shampoo.

Researchers are engaged in doing research work on consumer products since last five years and the popularity of Pantene shampoo motivated them to undertake the research for identifying the satisfaction level of Pantene amongst the Pantene users. Therefore the responses were collected from 200 Pantene users of western Maharashtra. Convenience sampling method was used to tap the Pantene users from the four cities of Western Maharashtra; Solapur, Kolhapur, Sangli and Satara. Researchers used structured questionnaire to collect the primary data from the respondents. The mean satisfaction scores of different groups of respondents were calculated to find out the highly satisfied group and two-way tables and charts were framed to find out the distribution of respondents of each category with regards to their level of satisfaction. The satisfaction level of Pantene shampoo is derived against different elements such as sex group, age group, price, quality, lather, fragrance, packing, and ability to prevent hair fall.

The study also offers constructive suggestions for improving the satisfaction of the customers. The study will definitely draw the attention of shampoo companies indicating them the problems and prospects of future shampoo market.

Key Words: Shampoo market, Quality, Lather, Hair fall prevention, Packaging, fragrance,

INTRODUCTION

The shampoo market in India has changed significantly since the 1960s when it first became a lifestyle product in urban homes. As of 2008, it was a very competitive market with dominant players such as Hindustan Unilever Ltd. and Procter & Gamble Company. The market is marked by intense competition from domestic as well as multinational companies.

Shampoo has transformed in the mass product from class product. Procter & Gamble company is pioneer in the field, has been offering a variety of shampoos for the consumers. In 1993, Procter & Gamble Home Products is incorporated as a 100% subsidiary of The Procter & Gamble Company, USA. In 1993, Procter & Gamble India divests the Detergents business to Procter & Gamble Home Products. In June 2000, Procter & Gamble Home Products Limited launched Pantene Lively Clean its unique Pro-Vitamin formula cleans oil-build up, dirt and grime in just one wash, delivering lively, free-flowing and sparkling-clean hair. Pantene originated in Europe in 1947 and came to the U.S. in 1960. In 2010 Pantene shampoos were reformulated and categorized into fine hair, curly hair, medium to thick hair, color hair and classic care.

Pantene offers several shampoos within each of their Solutions categories. For example the Color Hair Solutions category features Color Preserve Shine, Color Preserve Smooth and Color Preserve Volume formulas. There is also Nature Fusion that uses naturally-derived ingredients to cleanse, Relaxed & Natural for women of color, and Restore Beautiful Lengths for long hair

OBJECTIVES OF THE STUDY:

The study has been conducted by the researchers with the primary objective of measuring the extent of variation in the level of satisfaction derived by the respondents. The study also offers constructive suggestions for improving the satisfaction of the customers. The study will definitely draw the attention of shampoo companies indicating them the problems and prospects of future shampoo market.

HYPOTHESES :

On the basis of objectives of the study, hypothesis were formulated that various personal factors relating to the sample respondents such as sex group, age group and the opinion of the respondents on price, quality, lather, fragrance, packing, and prevention of hair falling do not significantly influence the satisfaction derived by the respondents.

RESEARCH METHODOLOGY :

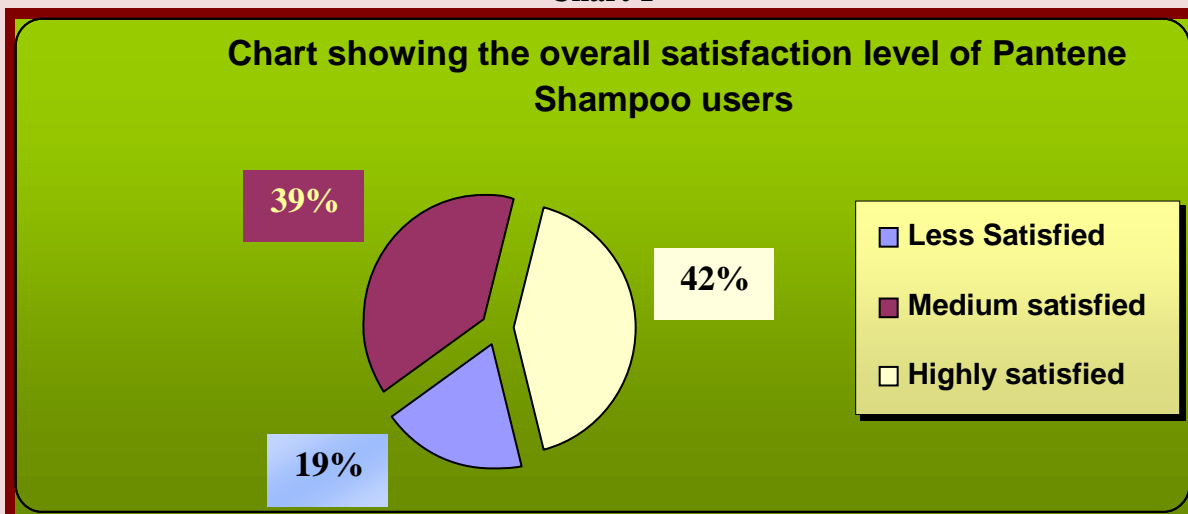
The study is based on the primary data collected from 200 users of Pantene Shampoo from Western Maharashtra. Using Cluster sampling technique, the four major cities of Western

Maharashtra, namely Solapur, Kolhapur, Sangli and Satara were selected for conducting survey. 50 respondents from each city were selected using convenience sampling method. Researchers used structured questionnaire to collect the primary data from the respondents. The mean satisfaction scores of different groups of respondents were calculated to find out the highly satisfied group and two-way tables and charts were framed to find out the distribution of respondents of each category with regards to their level of satisfaction.

ANALYSIS OF FINDINGS:

1) The sample respondents belonging to three groups in accordance with their satisfaction scores were found; 38 respondents (19%) out of 200 fall under ‘ Less Satisfied’, 78 respondents(38%) belongs to ‘Medium Satisfied’ category and 86 respondents (42%) belongs to highly satisfied category.

Chart-I



2) Level of Satisfaction against gender of Pantene user:

The extent of variation in the satisfaction derived by male and female respondents is presented in Table-1. It indicates that mean satisfaction score of the female respondents is 63.68% and the satisfaction scores of the female respondents ranged between 32 to 96. The mean satisfaction score of male respondents is 59.08 and their satisfaction scores range between 38 and 87.

Table-1: Gender of Respondents and Level of Satisfaction

Gender	No. of Respondents	Mean Satisfaction Score	Range	Level of Satisfaction		
				Low	Medium	High
Female	156	63.68	32 to 96	42(26.92%)	54(34.61%)	60(38.46%)
Male	44	59.08	38 to 87	12(27.27%)	26(59.09%)	6(13.63%)
Total	200	61.38	32 to 96	54	80	66

Source: Survey of Pantene Users (Figures in the parenthesis indicate the percentage to the total).

Table-1 indicates that the mean satisfaction score of the female respondent is higher than that of the male respondents. It also indicates that the percentages of respondents with low level of satisfaction are the lowest (26.92%) and the percentage of the respondents with high level of satisfaction is the highest (38.46%) among the female respondents. Hence it can be inferred that the female respondents derive higher level of satisfaction than that of male respondent.

3) Level of satisfaction against age of respondents:

The extent of variation in the satisfaction derived by the respondents who belong to various age groups is given in Table-2. It indicates that mean satisfaction score of young respondents (Up to 35 years of age) is 66.06 and their satisfaction scores ranged between 36 and 96. The mean satisfaction score of the middle-aged respondents (age between 36-45 years) is 64.87 and their satisfaction scores ranged between 31-97. The satisfaction scores of the old age category respondents (above 45 years of age) ranged between 56 and 81 and their mean satisfaction score is 52.96

Table-2: Age group of the respondents and level of satisfaction.

Age	No. of Respondents	Mean Satisfaction Score	Range	Level of Satisfaction		
				Low	Medium	High
Young	79	66.06	36 to 96	16(20.25%)	33(41.77%)	30(37.97%)
Middle	98	64.87	31 to 97	29(29.59%)	41(41.83%)	28(28.57%)
Old	23	52.96	56 to 81	9(39.13%)	06(26.08%)	8(34.78%)
Total	200	61.30	31 to 97	54	80	66

Source: Survey of Pantene Users (Figures in the parenthesis indicate the percentage to the total).

Table-2 indicates that the mean satisfaction score of the young age group respondents is higher than that of the middle and old age group respondents. It also indicates that the percentage of respondents with low level of satisfaction is the lowest (20.25%) and the percentage of the respondents with high level of satisfaction is the highest (37.97%) among the young age group respondents. Hence it can be inferred that young age group respondents derive higher level of satisfaction than that of the respondents who belong to middle age and old age categories.

4) Level of satisfaction against opinion of Price:

The extent of variation in the satisfaction derived by the respondents in accordance with their opinion on the price is given in Table-3. It indicates that mean satisfaction score of respondents who admitted that the price is 'High' is 53.48 and their satisfaction scores ranged between 33 and 95. The satisfaction scores of the respondents who admitted that the price is 'Moderate' ranged between 31 and 97 and their mean satisfaction score is 64.28. The mean satisfaction score of the respondents who opined that the price is 'Low' is 64.88 and their satisfaction scores ranged between 39 and 96.

Table-3: Opinion on Price and level of satisfaction.

Opinion on Price	No. of Respondents	Mean Satisfaction Score	Range	Level of Satisfaction		
				Low	Medium	High
High	48	53.48	33 to 95	20(41.66%)	17(35.41%)	11(22.917%)
Moderate	123	64.28	31 to 97	31(25.20%)	52(42.27%)	40(32.52%)
Low	29	64.88	39 to 96	3(10.34%)	11(37.93%)	15(51.72%)
Total	200	60.88	31 to 97	54	80	66

Source: Survey of Pantene Users (Figures in the parenthesis indicate the percentage to the total).

Table-3 indicates that the mean satisfaction scores of the respondents who admitted that the price is ‘Low’ is higher than that of the respondents who admitted that the price is ‘Medium’ and ‘High’. It also indicates that the percentage of the respondents with low level of satisfaction is the lowest (10.34%) and the percentage of the respondents with high level of satisfaction is the highest (51.72%) among the respondents with the opinion that the price is ‘Low’. Hence it can be inferred that the respondents who opined that the price is ‘Low’ derive higher level of satisfaction than that of the respondents who opined that the price is ‘medium’ and ‘high’.

5) Level of satisfaction against quality of product

The extent of variation in the satisfaction derived by the respondents in accordance with their opinion on quality is given in table-4. It indicates that the mean satisfaction score of respondents who opined that the quality is ‘fair’, is 52.08 and their satisfaction scores ranged between 32 and 92. The satisfaction scores of the respondents who opined that the quality is ‘good’ ranged between 32 and 94 and their mean satisfaction score is 59.53. The mean satisfaction score of the respondents who opined that the quality is ‘Excellent’ is 70.78 and their satisfaction scores ranged between 41 and 96.

Table-4: Opinion on quality and level of satisfaction.

Opinion on quality	No. of Respondents	Mean Satisfaction Score	Range	Level of Satisfaction		
				Low	Medium	High
Fair	45	52.08	32 to 92	17(37.77%)	20(44.44%)	08(17.77%)
Good	78	59.53	32 to 94	27(34.61%)	30(38.46%)	21(26.92%)
excellent	77	70.78	41 to 96	10(12.98%)	30(38.96%)	37(47.43%)
Total	200	60.79	32 to 96	54	80	66

Source: Survey of Pantene Users (Figures in the parenthesis indicate the percentage to the total).

Table-4 indicates that the mean satisfaction score of the respondents who opined that quality is ‘excellent’ is higher than that of the respondents who opined that the quality is ‘Fair’ and ‘Good’. It also indicates that the percentage of respondents with low level of satisfaction is the lowest (12.98%) and the percentage of the respondents with high level of satisfaction is the highest (47.43%) among the respondents with the opinion that the quality is ‘excellent’. Hence it can be inferred that the respondents who opined that the quality is ‘excellent’ derive higher level of satisfaction than that of the respondents who opined that the quality is ‘fair’ and ‘good’.

6) Level of satisfaction against Lather of product:

The extent of variation in the satisfaction derived by the respondents in accordance with their opinion on the level of lather is given in table-5. It indicates that mean satisfaction score of respondents who opined that the level of lather is ‘less’ is 55.15 and their satisfaction scores ranged between 32 and 85. the satisfaction scores of the respondents who opined that the level of lather is ‘medium’ is ranged between 38 and 91, their mean satisfaction score is 62.76. The mean satisfaction score of the respondents who opined that the level of lather is ‘high’ is 63.89 and their satisfaction score ranged between 44 and 98.

Table-5: Opinion on lather and level of satisfaction.

Opinion on quality	No. of Respondents	Mean Satisfaction Score	Range	Level of Satisfaction		
				Low	Medium	High
Less	18	55.15	32 to 85	8(44.44%)	6 (33.33%)	4(22.22%)
Moderate	124	62.76	38 to 91	25(20.16%)	60(48.38%)	39(31.45%)
high	58	63.89	44 to 98	21(36.20%)	14(24.13%)	23(39.65%)
Total	200	60.06	32 to 98	54	80	66

Source: Survey of Pantene Users (Figures in the parenthesis indicate the percentage to the total).

Table-5 indicates that the mean satisfaction score of the respondents who opined that the level of lather is ‘high’ is greater than that of the respondents who opined that the level of lather is ‘medium’ and ‘less’. It also indicate that the percentage of respondents with moderate level of satisfaction is the lowest (24.13%) and the percentage of respondents with high level of satisfaction is the highest (39.65%) among the respondents who opined that the lather is high. Hence, it can be inferred that the respondents who opined that the level of lather is high derive higher level of satisfaction than that of the respondents who opined that the same is ‘less’ and ‘medium’.

7) Level of satisfaction against Packing of product:

The extent of variation in the satisfaction derived by the respondents in accordance with their opinion on packaging is given in table-6. It indicates that mean satisfaction score of respondents who opined that packing is less convenient is 55.49 and their satisfaction scores ranged between 31 and 78. The satisfaction score of the respondents with the opinion that packing is convenient ranged between 40 and 89 and their mean satisfaction score is 62.14. the mean satisfaction score of the respondents who opined that the packing is more convenient to them is 64.98 and their satisfaction scores ranged between 45 and 96.

Table-6: Opinion on Packing and level of satisfaction.

Opinion on quality	No. of Respondents	Mean Satisfaction Score	Range	Level of Satisfaction		
				Low	Medium	High
Less convenient	38	55.49	31 to 78	22(57.89%)	11 (28.94%)	5(13.15%)
convenient	68	62.14	40 to 89	19(27.94%)	32(47.05%)	17(25.00%)
More convenient	94	64.98	45 to 96	13(13.82%)	37(39.36%)	44(46.80%)

Total	200	60.87	31 to 96	54	80	66
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Source: Survey of Pantene Users (Figures in the parenthesis indicate the percentage to the total).

Table-6 indicates that the mean satisfaction score of the respondents who opined that the packing is more convenient to them is higher than that of the other categories of respondents. It also indicates that the percentage of respondents with low level of satisfaction is the lowest (13.82%) and the percentage of the respondents with high level of satisfaction is the highest (46.80%) among the respondents who felt that the packing is more convenient to them. Hence it can be inferred that the respondents with the opinion that packing is more convenient to them derive higher level of satisfaction than the other categories of the respondents.

8) Level of satisfaction against ability to prevent the hair fall:

The extent of variation in the satisfaction derived by the respondents in accordance with their opinion on the ability of the shampoo in prevention of hair fall is given in table-7. It indicates that mean satisfaction score of respondents who expressed that the shampoo has the less ability in prevention of hair fall is 54.32 and their satisfaction scores ranged between 32 and 82. The satisfaction scores of the respondents with the opinion that the shampoo moderately prevents the hair fall ranged between 42 and 91 and their mean satisfaction score is 63.93. The mean satisfaction score of the respondents who expressed that the shampoo highly prevents the hair falling is 65.92 and their satisfaction scores ranged between 45 and 97.

Table-7: Opinion on ability to prevent hair fall and level of satisfaction.

Opinion on quality	No. of Respondents	Mean Satisfaction Score	Range	Level of Satisfaction		
				Low	Medium	High
Less	33	54.32	32 to 82	17(51.51%)	8 (24.24%)	08(24.24%)
Moderate	63	62.85	42 to 91	26(41.26%)	23(36.50%)	14(22.22%)
high	104	65.92	45 to 97	11(10.57%)	49(47.11%)	44(42.30%)
Total	200	61.03	32 to 97	54	80	66

Source: Survey of Pantene Users (Figures in the parenthesis indicate the percentage to the total).

Table-7 indicates that the mean satisfaction score of the respondents who opined that the shampoo is highly effective in preventing hair fall is greater than that of the other categories of respondents. It also indicates that the percentage of respondents with low level of satisfaction is the lowest (10.75%) and the percentage of respondents with high level of satisfaction is the highest (42.30%) among the respondents who expressed that the shampoo is highly effective in preventing the hair fall. Hence it can be inferred that the respondents with the opinion that the usage of shampoo prevents the hair falling at the higher level derive higher level of satisfaction than the other categories of respondents.

9) Level of satisfaction against fragrance of shampoo:

The extent of variation in the satisfaction derived by the respondents in accordance with their opinion on the fragrance of shampoo is given in Table-13. It indicates that the mean satisfaction score of respondents who opined that the fragrance is ‘fairly pleasant’ is 58.71 and their satisfaction scores ranged between 32 and 72. The satisfaction scores of the respondents with the

opinion that the fragrance is ‘pleasant’ ranged between 41 and 81 and their mean satisfaction score is 62.02. The mean satisfaction score of the respondents who expressed that the fragrance is more pleasant is 64.79 and their satisfaction scores ranged between 43 and 97.

Table-8: Opinion on fragrance of shampoo and level of satisfaction.

Opinion on quality	No. of Respondents	Mean Satisfaction Score	Range	Level of Satisfaction		
				Low	Medium	High
Fairly pleasant	40	58.71	32 to 72	24(60.00%)	12 (30.00%)	04(10.00%)
Pleasant	65	62.02	41 to 81	19(29.30%)	27(41.53%)	19(29.30%)
More pleasant	95	64.79	43 to 97	11(11.57%)	41(43.15%)	43(45.26%)
Total	200	61.84	32 to 97	54	80	66

Source: Survey of Pantene Users (Figures in the parenthesis indicate the percentage to the total).

Table-8 indicates that the mean satisfaction score of the respondents who expressed that the fragrance is very pleasant is higher than that of the other categories of respondents. It also indicates that the percentage of respondents with low level of satisfaction is the lowest (11.57%) and the percentage of the respondent with high level of satisfaction is the highest (45.26%) among the respondents who accepted that the fragrance is very pleasant. Hence it can be inferred that the respondents with the opinion that the fragrance is very pleasant derive higher level of satisfaction than the other categories of respondents.

STUDY RESULTS:

The research study conducted to derive the level of satisfaction of Pantene shampoo revealed the following results

- 1) Female respondents derive comparatively higher satisfaction than male respondents.
- 2) Young respondents (0-35 yrs) derive higher satisfaction as compared to other age group respondents.
- 3) The respondents, who perceived the price as ‘low’, derive higher level of satisfaction.
- 4) The respondents, who admitted that the quality of the shampoo is excellent, derive higher level of satisfaction.
- 5) The respondents, who expressed that the lather is of high level, derive higher satisfaction as compared to others.
- 6) The respondents, who expressed that the fragrance of the shampoo is more pleasant, derive higher level of satisfaction as compared to other.
- 7) The respondents, who experienced that the packaging is very convenient, derive higher satisfaction.
- 8) The respondent who expressed that the shampoo has the high ability to prevent the hair fall, derive higher lever of satisfaction.

SUGGESTIONS

In order to improve the satisfaction derived by the respondents, the following suggestions have been offered by the researchers.

- a) More conditioning agents must be added in the shampoo in order to condition the hair, which will extend the further customer satisfaction.
- b) The introduction of different variety to suit the requirements of dry hair, rough hair, oily hair and most important for dandruff, will improve the customer satisfaction further.
- c) Kids' shampoo market is upcoming as an potential market. Therefore the separate range of shampoos may be launched to cater this market.
- d) Herbal range of shampoos is another option, which is now becoming the buss word. This will attract the non users who don't use shampoo due to its chemical content.
- e) If possible, with the help of R&D, the shampoo with dye may be introduced and the same will serve two different purposes. The same will result in improved customer satisfaction.
- f) The effectiveness of hair strengthening agents should be further improved to delight the customers.

CONCLUSION:

In the field of Beauty care, Proctor and Gamble has been one of the pioneers in introducing various products. P&G's hair care business comprises of Pantene, the world's largest selling shampoo, Head & Shoulders, the world's No. 1 Anti-dandruff shampoo and Rejoice – Asia's No. 1 Shampoo. An attempt has been made by the researchers in the study to assess the level of satisfaction of the users of Pantene shampoo in Western Maharashtra. After the analysis of survey data it is concluded that the Pantene users are satisfied with the Pantene shampoo. Youngsters and Female users are comparatively more satisfied than adult and male users respectively. Pantene users are very much satisfied with the its quality, fragrance, price, ability to prevent hair fall, Packing and lather. Hence it is concluded that the Pantene is rated as best shampoo amongst the Pantene users.

The due consideration for the constructive suggestions offered in this study will result in improved consumer satisfaction and to have an increased market share for the manufacturer also.

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**CUSTOMER EXPERIENCE MANAGEMENT : AN EMERGING
BUSINESS REQUIREMENT**

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ABSTRACT

To compete successfully in the current business era, the goods or service providers must focus on the customer's buying experience. Customer Experience Management is a strategy that focuses the operations and processes of a business around the needs of the individual customer.

With Customer Experience Management (CEM) becoming an area of growing concern in the literature, the purpose of this paper is to investigate CEM as an emerging business requirement. This research is based on a survey of employees, especially in services providing companies Ex. Hotel, Retail, Banks etc. Focused group interview discussion was based on the need to know the importance of CEM and also to study the effect and impact of CEM on the business.

The results are in expected direction & fulfilled the research aims of the current study. Research indicates that the major factors influencing consumer buying decision process plays key role in managing experience. Future studies in India may look into this area & construct an independent scale of experience management focusing on the antecedent variables to enhance the business performance.

Key words: *Customer experience management, customer satisfaction, brand experience, feedback*

Introduction:

With products becoming commoditized, price differentiation no longer sustainable and customers demanding more, companies are focusing on delivering superior customer experiences. A 2009 study of over 860 corporate executives revealed that companies that have increased their investment in customer experience management over the past three years report higher customer referral rates and customer satisfaction (Strativity Group, 2009). The results also showed that performance in four key business areas (market share, retention, profitability, and customer satisfaction) was directly related to CEM performance.

The customer experience has emerged as the single most important aspect in achieving success for companies across all industries. For example, Starbucks spent less than \$10MM on advertising from 1987 to 1998 yet added over 2,000 new stores to accommodate growing sales. Starbucks popularity is based on the experience that drove its customers to highly recommend their store to friends and family

Competing in today's global market is becoming increasingly difficult. Since customers nowadays often perceive products and services as homogeneous, retailers and manufacturers continuously need to look for differentiation strategies. Differentiating oneself from the competitor by creating memorable customer experiences is therefore becoming one of the central objectives of many companies.

In the current experience economy, customers ask and expect more than just being satisfied with the purchased brand or product and the delivered service level. Instead, they look for personal, intuitive relationships with brands and retailers. Directing the store's retail design towards the creation of memorable customer experiences by appealing to their senses, emotions and values can contribute to the creation of such company-client relationships. Since customer experiences in retail settings appear to immerse customers at a cognitive, emotional and intuitive level, they can be considered as a new source for value creation. A retail experience which succeeds in delivering value to the customer can become the key to long-term Business success. The two most important assets for most organizations are their brands and their customer relationships. The most forward thinking companies today are seeking brand differentiation through a unique and compelling proposition, in concert with designing a highly positive customer experience.

Brand experience, Customer loyalty, Experience economy and CEM

1. Brand Experience

Brand experiences arise in a wide variety of settings when consumers search for, shop for, and consume brands. The topic of brand experience has attracted a lot of attention in marketing practice. Specifically, brand experience is conceptualized as sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli. Such stimuli appear as part of a brand's design and identity, packaging, communications, and environments. To construct the scale, the authors distinguish several experience dimensions: sensory, affective, intellectual, and behavioral. They present six studies that show that the brand experience scale is reliable, valid, and distinct from other brand scales, including brand evaluations, brand involvement, brand attachment, customer delight, and brand personality. They present brand experience scores for major brands: Overall, respondents rate LEGO, Victoria's Secret, iPod, and Starbucks as the most experiential brands. Finally, the authors show that brand experience affects consumer satisfaction and loyalty.

This new focus on the customer is taking place at the highest level of the company for two reasons: 1) The issue of marketing accountability has now focused on the sources of revenue and the importance of protecting and growing customer value; and 2) Customers are more in control today than ever in the ways they find and use information, and ultimately purchase and advocate their brands to others.

The experiential aspect consists of the sum of all points of contact with the brand and is known as the **brand experience**. The brand experience is a brand's action perceived by a person. The psychological aspect, sometimes referred to as the **brand image**, is a symbolic construct created within the minds of people, consisting of all the information and expectations associated with a product, service or the company(ies) providing them.

2. Customer Loyalty

Customer *satisfaction* has long been a logical goal for most companies -- but in practice that has often meant little more than, say, efforts to assure that Web sites are useful and usable. Not much thought -- and very few tangible statistics -- revolved around the customer *experience*, or the effect it has on customers' emotional attachment to a company. However, judging by two recent reports from industry analysis firm Forrester Research, the winds of customer service are shifting: We're finally seeing hard data proving the connection between customer experience and customer loyalty, and what's emerging is a growing emphasis on improving customers' experiences.

3. Experience economy

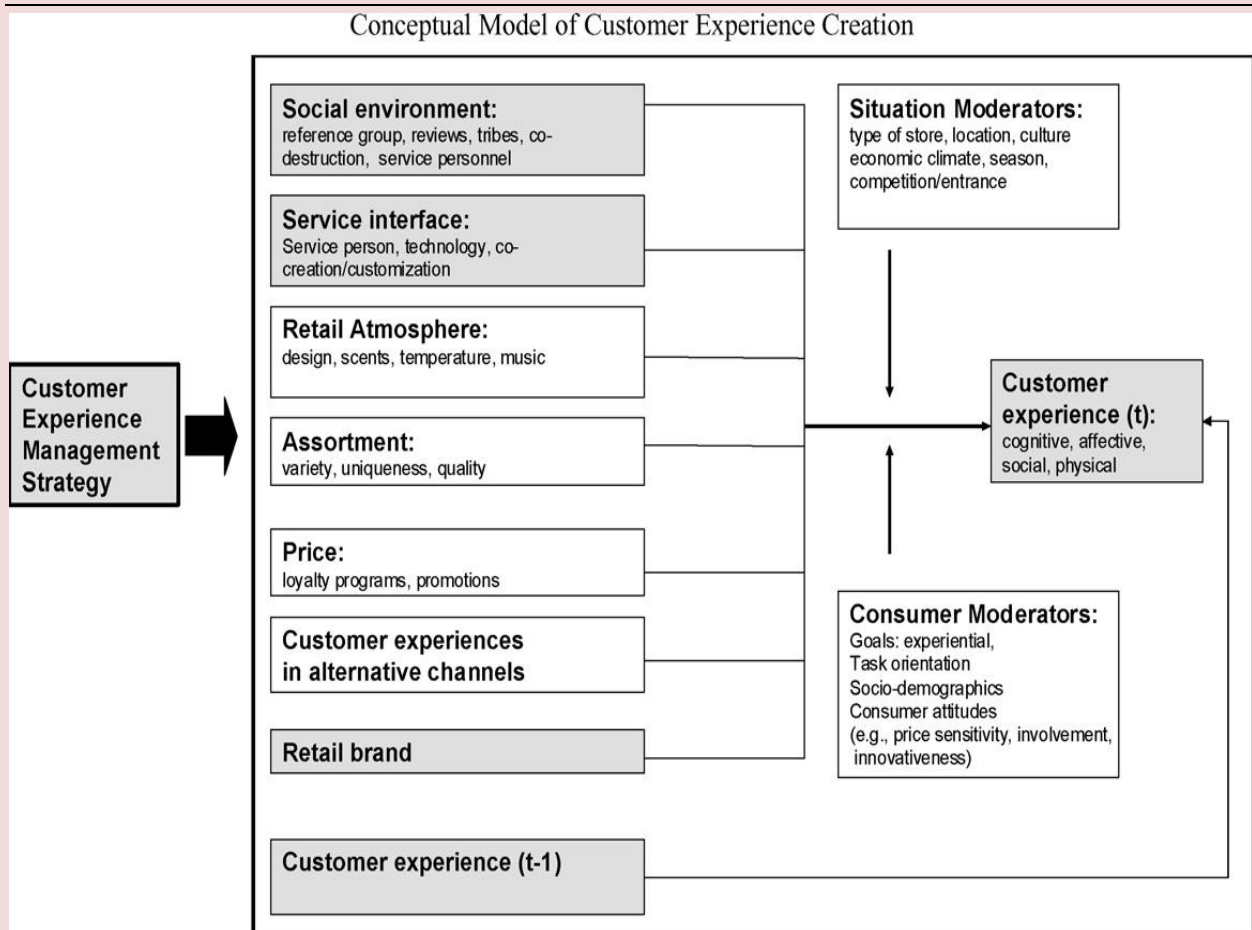
The 'experience' concept came to the fore in the management discipline with the publication in 1999 of Pine & Gilmore's book on the Experience Economy . Pine & Gilmore present experiences as a new economic offering, which emerges as the next phase after an economy of commodities, goods and services. According to their viewpoint, managers from now on need to focus on creating and directing memorable customer experiences. Therefore, they describe six different features of an experience. First of all, experiences need to be worth remembering. Secondly, experiences need to be focused on an appropriate theme, which characterizes the company and appeals to customers. Thirdly, negative elements which can divert customers' attention from the experience need to be removed. Fourthly, experiences need to appeal to as many customers' senses as possible.

Fifthly, since every experience is the consequence of an interaction between an organized 'event' and the (emotional, mental, physical, ...) condition of the customer at the time of the interaction, every experience is personal. Finally, Pine & Gilmore state that customers need to pay for experiences. According to their viewpoint, as long as a company does not ask a price for an experience, the experience cannot be considered as a proper economic offering. In the years after Pine & Gilmore's publication, several other authors focused their attention on customer experiences as a new lever for value creation. At the beginning of the 21st century however, the original conceptualization of the experience economy was criticized. One of the main points of criticism in literature which stresses the potential significance of creating customer experiences is the lack of empirical support. Until today, a lot of existing experience design has come forth from conventional wisdom. Empirical support, and scholarly verification and research in general, however, is indispensable for guiding the design of a retail store environment. Given that different authors agree on the importance of emotions in customer experiences, this paper focuses on a related question: are the methodologies used by different scientific disciplines for measuring emotions applicable for measuring emotions in customer experiences in retail store environments?

4. Customer Experience Management

Customer experience is the sum of all experiences a customer has with a supplier of goods or services, over the duration of their relationship with that supplier from awareness, attraction, interaction, purchase, use and advocacy. It can also be used to mean an individual experience over one transaction; the distinction is usually clear in context.

The concept 'customer experience' was formulated in 1982 by Holbrook and Hirschman as a new experiential approach to consumer behavior. Until then, the customer was considered to be a rational decision-taker, who tried to purchase the best product from an available selection of products at a reasonable price. Holbrook and Hirschman, however, stated that in contrast to this rational and utilitarian approach, some consumption activities were better explained by an experiential approach. A customer's interaction with a product, service (and / or shopping environment) can be intrinsically satisfying, without thinking about a product or service's utilitarian functionality. The publications of Holbrook and Hirschman brought attention to the importance of certain variables (more specifically, emotions) which were largely neglected until then.



Examples of CEM

1. “Best New Airline of the Year Award 2005” – Kingfisher airlines

Given by Centre for Asia Pacific Aviation for its significant innovation and outstanding customer experience. For the first time in the Indian skies, Kingfisher Airlines offers world-class inflight entertainment with personal video screens for every seat. There’s a wide selection of 5 video channels and 10 audio channels available on- board. Also on offer are extra-wide seats and spacious legroom, delicious gourmet meals, international-class cabin crew and a whole host of comforts and delights. Kingfisher Airlines also facilitates doorstep delivery of tickets on guest request.

2. Pizza hut

It recognises frequent callers and the context of their call enabling the customer to be routed to the agent who can best fulfill their requirements, whether its a new order, changes to an existing order or a status inquiry on an existing order. Pizza Hut operators can access up-to-date information on its outlets in the catchment area, enabling them to select the Pizza Hut store that can fulfill the customer order quickest, thereby meeting its commitment to deliver hot pizza quickly.

Literature Review:

Ann Petermans*, Koenraad Van Cleempoel*, Erik Nuyts* and Jan Vanrie, article; ‘Measuring emotions in customer experiences in retail store environments’ Since economy and

marketing are shifting from a goods to a service dominant logic, creating and directing memorable customer experiences in retail store environments has become a valuable differentiation strategy. While customer experiences continually receive more attention in literature, knowledge about how to induce these experiences often lacks definitions of central concepts and empirical support. Given that different authors have acknowledged an environment's ability to change consumer emotions and thereby affecting consumer responses, different attempts have been made to capture the mediating role of emotions on consumer responses in the retail store

Adrian Palmer, article; 'Customer experience management: a critical review of an emerging idea.' The term "customer experience" has received increasing attention from consultants, and some puzzlement by academics, uncertain whether the concepts of "customer experience", "customer experience management" and "total customer experience" are merely consultants' hype, representing nothing new, or an important conceptual framework for understanding marketing more generally. Increasing use of the vocabulary of "customer experience" by firms would appear to be a substitute for the language of "customer relationships". Furthermore, many academics and practitioners have argued that customer relationship management has not created the expected levels of value for customers and profitability for organisations. Customer experience management may be an integrating framework that overcomes the theoretical and practical limitations of customer relationship management.

Research Methodology:

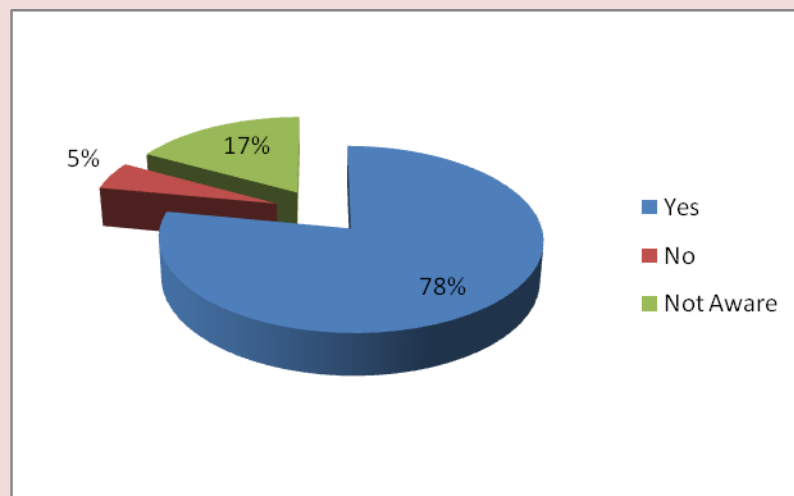
- **Research Objectives**
 - To understand the importance of CEM in Business
 - To find out the key areas for managing customer experience
 - To know the significant factors affecting CEM
- **Research design:** Descriptive research design
- **Sampling:**
 - Population: Retailers, Banks, Hotels etc.
 - Sampling frame: Pune region
 - Sampling Technique: Non-probability purposive Sampling
 - Sample Size:50
- **Research instrument-** Close & Open ended, structured Questionnaire
- **Secondary data-:** Magazines, paper articles, Books
- **E sources:** internet, sites, journals, publications, articles, online research papers etc
- **Limitations:**
 - **Limited sharing of information-** Because of the limited sharing of information, which was very important for this research, the accuracy of research has compromised.
 - **Area covered-** Area is limited to Pune only and the sample is not covering whole population of the respondents.
- **Data analysis Procedure:**

Both descriptive and inferential statistics were used in presenting and analyzing the data. Descriptive tools such as frequency counts, mean scores, percentages were calculated for the statements on the questionnaire in order to determine the impact of in store promotions on store choice decisions. In addition, correlation was used to determine the

relationship between customer's attitudes regarding visual merchandizing variables and customers store choice behavior.

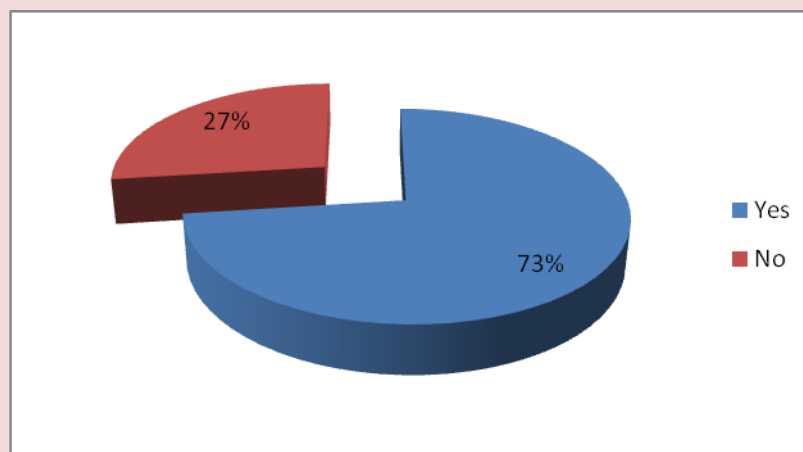
Q.1 According to you is Customer Experience Management is crucial to manage customers & eventually the business.

Yes	78%
No	5%
Not Aware	17%



Q.2 Are you considering CEM as a strategy to incorporate in the business?

Yes	73%
No	27%



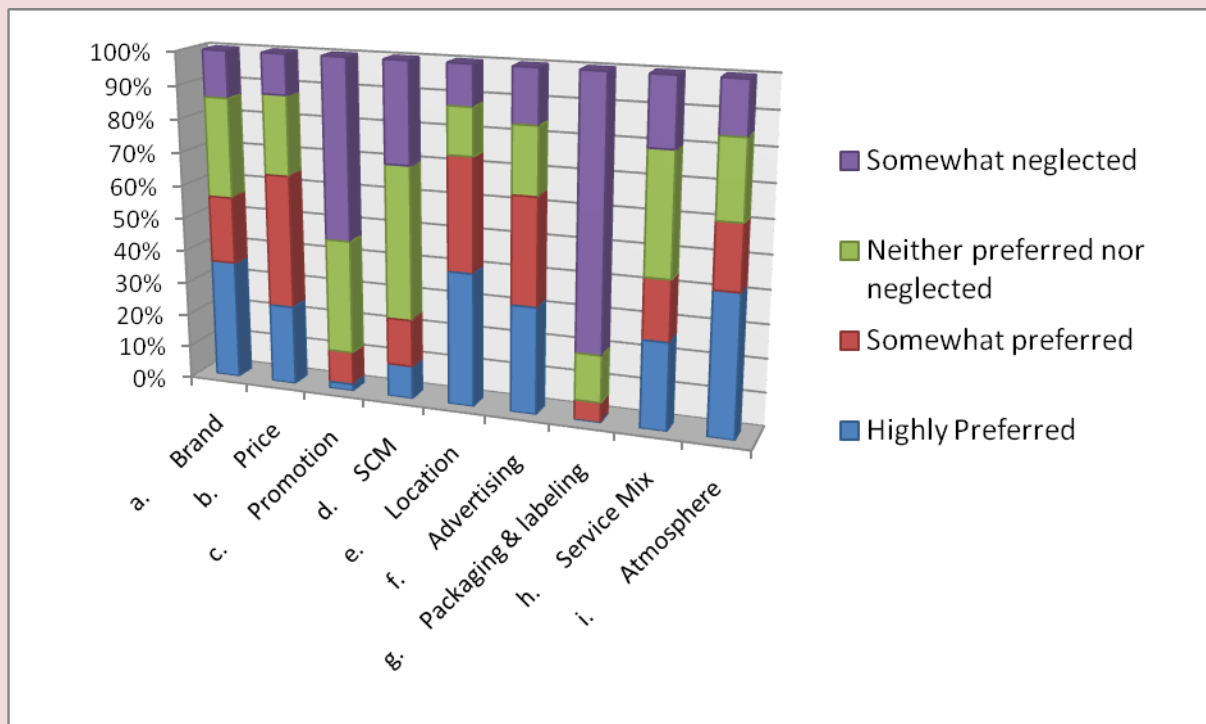
Q.3 What is your objective to implement CEM?

Options	Respondents
a. Higher customer satisfaction	65
b. More frequent shopping visits	70

c. Larger wallet share	32
d. Higher profits	50

Q.4 Which factors you are considering to deliver a superior customer experience?

	Highly Preferred	Somewhat preferred	Neither preferred nor neglected	Somewhat neglected
a. Brand	36%	20%	30%	14%
b. Price	24%	40%	24%	12%
c. Promotion	2%	10%	34%	54%
d. SCM	10%	14%	46%	30%
e. Location	40%	34%	14%	12%
f. Advertising	32%	32%	20%	16%
g. Packaging & labeling	0%	6%	14%	80%
h. Service Mix	26%	18%	36%	20%
i. Atmosphere	44%	20%	24%	16%



Statistical Analysis:

Chi- Square Test Analysis:

The tested measurement shows that there is close relation and significance of Quality, price and certain other factors which are discussed with the Customer Experience Management. The study discovered that respondents are yet not so keen on the various factors which are utmost important to create excellent customer experience. Respondents are at the initial stage to create

shopping/buying experience. But at the same time they are not denying the requirement of CEM to make the business very successful.

Result Discussion:

The major challenge to make the business successful is either to acquire new customer or to retain the customer. And as we all know retention is much more profitable for any type of business. And the retention is depending on the buying experience created by the store or company for the customer. It is very important to consider the factors which are stimulating the repeat purchasing from the customers. The concept of customer experience management is very important to make customers satisfied, loyal and delight.

- This study reveals that there is major group of businesses are aware about the concept of Customer Experience Management. And these respondents think it is very crucial to manage customer experience to the business smoothly with consistent profit flow.
- Very focused key areas are purchase experience and the quality. Respondents think it is heart of the CEM. But the less focused areas are price, after purchase experience and repeat purchase experience. So it is very necessary to focus on other areas as well. The approach for implementing CEM should be 360 degree. Otherwise the neglected areas will create obstacles to make the business and CEM successful.
- Considering these key areas as a base to introduce CEM, many respondents are accepting CEM as a part of core strategy. Reasons for this are as follows: 1. CEM creates win-win value exchange between retailer and its customer. 2. Respondents want to move customers from satisfied to loyal and then from loyal to advocate.
- This pilot study found out that there are many prime objectives behind implementing CEM viz. Higher customer satisfaction, more frequent shopping visits, larger valet share and higher profits
- Main emphasis should be given on such factors which influence buying behavior of the customer, while managing the customer experience. Some of the factors which are important according to respondents are brand, price, location of the store, atmosphere (interior & exterior design), and service mix.
- According to the study there are certain hurdles in the way of CEM implementation. To overcome these obstacles respondents gave their opinion to make it little easy. Certain ways are as follows: 1. Compensation plans linked to CEM for employees. 2. Make categories & classes of the customers according to the buying behavior for that particular outlet. 3. Innovative practices to enhance frequent shopping.

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ANNEXURE:

QUESTIONNAIRE

Name:.....

Organization:.....

Email:.....

c. Promotion				
d. SCM				
e. Location				
f. Advertising				
g. Packaging & labeling				
h. Service Mix				
i. Atmosphere				

Q.7 According to you, which are the best practices to make CEM successful?

.....
.....
.....

ANALYSIS AND EVALUATION OF TRAINING METHOD

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ABSTRACT

Training is an important factor of employee in all firm's business strategy, Training is effective only if it produces desired outcome. When the organization is implementing attaining programme, there should be an ideal forum on which the evaluation scheme can be build and assessment of effectiveness of training and development activities can be done.

The Evaluation of any training programme has certain aims to fulfil. These are concerned with the determination of change in the organizational behaviour and the change needed in the organizational structure. Hence evaluation of any training program must inform us whether the training programme has been able to deliver the goals and objectives in terms of cost incurred and benefits achieved.

The analysis of the information is the concluding part of any evaluation programme. The analysis of data should be summarized and then compared with the data of other training programmes similar nature.

Training is a critical component in any organization's strategy, but organizations don't always evaluate the business impact of a training program. Given the large expenditures for training in many organizations, it is important to develop business intelligence tools that will help companies improve the measurement of training effectiveness. These tools need to provide a methodology to measure, evaluate, and continuously improve training, as well as the organizational and technical infrastructure (systems) to implement the methodology. On the basis of these comparisons, problems and strength should be identified which would help the trainer in this future training programmes, to stop short of completion of the training systems design methodology, by avoiding the evaluation, our training effectiveness is renegeing on our commitment to our students.

This paper shows the future requires more precise, reliable evaluation strategies; Training effectiveness evaluation in the same way that we think of surveillance tests in the plant, we perform training effectiveness evaluations to ensure our programmes work effectively.

Keywords: Training Programme, On –the-Job-Training, Off-the-Job-Training, Training Techniques, Evaluation Methods.

INTRODUCTION:

In the modern computer era training has gained the reputation of dynamic concept which needs to be understood in that perspective most of the modern organization which do not respond to the dynamic change that are seen in changed environment may well fail to respond to the needs of organization and people. Hence organization virtually needs to aspire to respond to the change in the environment. These changes may be concerned with organizational or individual behaviour may be concerned with the structural change. Training is one of most important and effective means of bringing about change in an organization.

Training is system which feed the needs. Skills. And knowledge of the people working in the Organization. These skills and knowledge are acquired to fulfil a specify purpose or goal.

CONCEPT OF TRAINING:

Training has been defined by a number of scholars and trainers like Change agents. Some of the definitions are as follows: According to Fllippo “the act of increasing the skills of an employee for doing a particular Job” can be termed as training. Similarly Steinmetz has observed. “Training is a term process utilizing a systematic and organized procedure by which non-personnel learns technical knowledge and skills for a definite purpose”.

From the above definitions it can asserted training is a technique concerned with the development of skills and knowledge in particular actor discipline. Training enhances and improves person’s skills. Imparts knowledge to change person’s attitudes and values towards a particular direction. William G. Torpey has defined training as “the process of developing skills. Knowledge and attitudes in employees for the purpose of increasing effectiveness of employees in their present government positions as well as preparing employees for future government positions”. The above definition of training is based on assumption that all training is not necessary and all training is not beneficial. Training is a technique which properly focuses and direct towards the achievement of particular goals and objectives of the organization. Hence identification of training needs is first and probably the most important step towards the identification of training techniques. The process of identifying training needs is carefully thought out programme that needs to be carried out with sensitivity because success of a training programme may be crucial for the survival of the organization.

Objectives of training must be determined to pave way for the assertion of proper techniques of training. Training is imparted to people in organization with certain defined objectives and goals. However it must be remembered that the goals and objectives of organization differ to a great extent. Hence the defined objectives of a training programme should be assessed in the light of the goals of that organization.

In 1944. Assheton Committee stated the objectives of training in the following manner:

- (a) It endeavours to produce a civil servant whose precision and clarity in the transaction of business can be taken for granted.
- (b) It helps attuning the civil servant to the task he is called upon to perform in a changing world. It in other words helps him to adjust his outlook and methods to the changing needs of new times.
- (c) It saves the civil servant from becoming a robot like mechanically perfect civil servant. He is made aware of his work and the service that he is required to render to his community.
- (d) It not only enables an individual to perform his current work more efficiently but also fits him for other duties. It develops in him capacity for higher work and greater responsibilities.
- (e) It pays substantial regard to staff moral as latter have to perform tasks of a routine character throughout their lives.

Bhagwan and Bhushan have also identified the following objectives of training:

- (a) For the performance certain peculiar activities pertaining to the government training plays a significant part.
- (b) Training helps the employees to become people oriented and inculcates in them respect and regard for general public.
- (c) It broadens the vision and widens the outlook of the employees by explaining to them to make substantial contribution towards realization.
- (d) It is vital to a career service. It lists them for advancement which is assured to the employees when they join the government service at young age.
- (e) It improves the lone and adds to the quality of organization. Since it enhances the efficiency of the employees and develops their capacities. The efficiency and Prestige of the department goes up.
- (f) It fosters homogeneity of outlook and esprit de corps in the employees.

IDENTIFICATION OF TRAINING NEEDS:

Training is a specialized function. Hence trainer must know exactly what is required from the training programme in accordance to the identified tools framework techniques processes are identified in designing and implementing efficient effective timely and productive training programmes for those who require it. Training needs also determine the nature of training program. Formulation of training program includes those factors that are related to the evaluation of the program in terms of techniques and skills can be properly considered.

Any training program must take into consideration three fundamental behavioural aspects: Organization, people, and environment as far as organization are concerned their survival rests on a certain minimum achievement of goals and objectives which are pre-defined to customer's owners, Employees etc. all these factors are continuously interacting with the organization whose objectives and goals have been formulated so to benefit the members of the organization intermittently.

The second assumption that needs to be taken into consideration is the fact that these objectives can be achieved only through harnessing the abilities of its people. Releasing potential and maximizing opportunities for development. In other words the achievement of objectives and goals can be effectively and efficiently achieved only if people within the organization possess adequate skills and abilities. If they do not possess the skills and abilities required. The objectives and goals cannot be achieved effectively and efficiently only if they do not possess the skills and abilities. If they do not possess the skills and abilities required. The objectives and goals cannot be achieved effectively and efficiently. Hence proper assessment of the abilities and skills of the employees must be considered before any training programme is being formulated.

The third assumption is to assess the capability potential of the employees. The people who are engaged in the accomplishment of goals and objectives. In the new perspective, are capable of new learning. If the employees do not possess the required potential to adapt themselves to the new environment. The chances of training programs being a success will be doubtful.

The fourth assumption about people is concerned with the level of ability and the desire to learn. Training is all about learning. Learning organization basically involves people who make or break organization. The organization should be able to provide adequate opportunities and resources where people are able to learn through training new concepts and techniques of management. The assumption is also concerned with matching of achieving organizational goals on one hand and on the other providing attractive learning opportunities. The third assumption basically requires that the programmes of training should be so designed so as to provide learning opportunities that are effective and efficient. The objective of training is fulfilling the individual needs of the employees and that of the organization as well.

The fifth assumption is concerned with the environment variable in a dynamic situation

Environment continues to put new pressures and demands upon the system even if it is for survival only. Because of liberalization, competition has become severe and public sector as well private sector has to compete with each other in order to stay a viable entity. Hence changes in the environment can no more be overlooked but need to be understood and adapted to. The need for training, therefore, becomes inevitable.

Once it is established that need for training is a necessity. The question arises what type of training is required to meet the three challenges. Another important question that comes to mind is whether the training programmed is able to change the pattern of behaviour for which it was trained and how effectiveness will be measured. Before discussing various types of techniques of evaluation. A close look at various types of training methods will be looked into.

With regard to people working in the organization needs and aspiration of the people must be properly evaluated. Specification of training needs means translating the needs of people into specific needs and achieving those aspirations by training programmes. Basic idea behind this evaluation is to make organization learning organization. According to Senge where people continually expand their capacity to create results they truly desire and where people are continually learning how to learn together.

FACTORS INFLUENCING TRAINING NEEDS:

Organizations are complex and dynamic in nature and their effectiveness depends on number of factors. Complexity of organization is again a multifaceted implication of various factors being determined by various environmental factors. Hence the nature of complexity of a given organization needs to be evaluated before determining its training needs.

Some of the factors that increase complexity are being discussed keeping in view that all are not determinants of complexity for all organization. Technology in the computer age is being upgraded frequently and hence is the most important factors in increasing the complexity of an organization structurally as well as behaviourally. According of Frances and Bee. Technology is changing an ever increasing rate. Today's state –of-the-art computer is tomorrows junk. Robot assembly pants, Laser printers. “Transplant and genetic surgery--wherever the workplace--whatever the task. There appears to be a technological solution for everything”.

The technological changes are influencing the basic settings of organization. The technological changes are not only concerned with the structure or gadgets of an organization but these changes also influence the behavioural aspect of the very people who are working in the organization. However people do not usually change in technology and its environment. Change can be brought about in a smooth manner only through training techniques.

Another important factor that needs to be taken into consideration is concerned with social Changes that are taking place in the new social environment. For most organization internal Compilations are bound to change in the computer age, People from different backgrounds, women, People from diverse nations will from the workforce of modern organizations with increasing diversity in the culture. The organizations are bound to receive culture and Organization with their exiting format will not be in position to absorb this culture shock. The change agent will be playing an important role in providing appropriate training to absorb culture shock. The third factor that has influenced training needs is related the new role that the government are being asked to play. The governments are being asked to play sensitive role of controlling the business ethical activities on one hand and safeguarding the interests of consumer on the other. In the era of privatization and globalization the governments are formulating legislation to facilitate business activity both public and private as well as safeguarding the consumer interest. Thus managers and CEOs need to be acquainted to the new legislation that is being enacted from time to time. The fourth factor that has influenced the training needs is the emerging competitive market Conditions. It may be asserted that the public and private sector, even in monopolistic conditions. Have to face competition. The pertinent question is whether the new market situation will force the organization to go in for training as they are going to face new marketing situations in the times to come. Will the new emerging conditions give rise to pressure groups that have henceforth not been seen in the business world?

Basically organizations are going to face situations that are the result of competitive markets and development of consumerism. Many of the managers in the public and private sector could not possibly have been oriented towards these new situations. Hence need training is unavoidable.

The fifth factor influencing the training needs related to internal management of an organization. Internally organizations are going to face new dilemmas and problems. Business needs are fulfilled by the human resources that exist within the framework of internal structure. Any strategic plan which does not take this fact into account is bound to face numerous problems. There will be a continuous pressure on the organization to improve performance. Human resources, like managers, workers, staff, and others, have to be kept up to date in expertise and at the same times need to be motivated to perform better. This is a difficult task which cannot be handled by the staff of the organization, Experts called change agents are required to fulfil the task. Training needs cannot be overlooked because it is an on-going process. In addition. Training is now considered a specialized function to be performed by the experts.

TECHNIQUES OF TRAINING:

The object of this paper is not to discuss various techniques of training. Hence training techniques are being short listed for the purpose of their identification for evaluation purpose. However we would like to throw light on some of modern techniques of training. Some of the training techniques that are often used for re-education purpose are:

- On –the-job- training.
- Demonstration.
- Job instruction training.
- Vestibule training.
- Apprenticeship.
- Coaching –Understudy.
- Job rotation.
- Lectures and conferences.
- Syndicate.
- Simulation training.
- Role playing.
- In-basket exercise.
- Management game.
- Sensitivity training.
- Transactional analysis.
- Organization development.

Here we would like to discuss some of the training techniques that are considered by the experts as essential for improving the performance of organization in competitive situations. Diversity training is becoming extremely important for the organizations that are complex in nature. The work force of these enterprises is divers in nature, Various diverse groups from different cultural and social background join one institution and thus submerging various cultural into one. The diverse work force has to be trained so as to provide some form of commonality. Various methods are adopted to provide diversity training. According to Fred Latham's one method of

divers training involves putting trainees into groups based on ethnic origin. Then each group is asked to describe the others and listen to the way its own group is described. Another method of diversity training has been stated in the following manner. Which require the participants to answer questions related to areas such as gender? Race cultural differences. Age issues, Sexual orientation, and disabilities. On the basis of the response, the games players are able to advance on the board or are forced to back up. The objectives of these types of games are to acquaint the players in a non-threatening manner with legal rules and restrictions regarding how to manage members of the diverse groups. The third method of divers training concerned with participant focus on cultural issues such how to interact with personal from other countries. It may be added that many of the training programmers related to diver's work force also use other training programmes.

METHODS OF EVALUATION OF TRAINING PROGRAMMES:

Responsibility for the evaluation of training:

Traditionally, in the main, any evaluation or other assessment has been left to the trainers "because that is their job..." My (Rae's) contention is that a 'Training Evaluation Quintet' should exist, each member of the Quintet having roles and responsibilities in the process (see 'Assessing the Value of Your Training', Leslie Rae, Gower, 2002). Considerable lip service appears to be paid to this, but the actual practice tends to be a lot less.

The 'Training Evaluation Quintet' advocated consists of:

- **senior management**
- **the trainer**
- **line management**
- **the training manager**
- **the trainee**

Senior management - training evaluation responsibilities:

- Awareness of the need and value of training to the organization.
- The necessity of involving the Training Manager (or equivalent) in senior management meetings where decisions are made about future changes when training will be essential.
- Knowledge of and support of training plans.
- Active participation in events.
- Requirement for evaluation to be performed and require regular summary report.
- Policy and strategic decisions based on results.

The trainer - training evaluation responsibilities:

- Provision of any necessary pre-programme work etc and programme planning.
- Identification at the start of the programme of the knowledge and skills level of the trainees/learners.
- Provision of training and learning resources to enable the learners to learn within the objectives of the programme and the learners' own objectives.
- Monitoring the learning as the programme progresses.
- At the end of the programme, assessment of and receipt of reports from the learners of the learning levels achieved.
- Ensuring the production by the learners of an action plan to reinforce, practise and implement learning.

The line manager - training evaluation responsibilities:

- Work-needs and people identification.
- Involvement in training programme and evaluation development.
- Support of pre-event preparation and holding briefing meetings with the learner.
- Giving on-going, and practical, support to the training programme.
- Holding a debriefing meeting with the learner on their return to work to discuss, agree or help to modify and agree action for their action plan.
- Reviewing the progress of learning implementation.
- Final review of implementation success and assessment, where possible, of the ROI

The training manager - training evaluation responsibilities:

- Management of the training department and agreeing the training needs and the programme application
- Maintenance of interest and support in the planning and implementation of the programmes, including a practical involvement where required
- The introduction and maintenance of evaluation systems, and production of regular reports for senior management
- Frequent, relevant contact with senior management
- Liaison with the learners' line managers and arrangement of learning implementation responsibility learning programmes for the managers
- Liaison with line managers, where necessary, in the assessment of the training ROI.

The trainee or learner - training evaluation responsibilities:

- Involvement in the planning and design of the training programme where possible
- Involvement in the planning and design of the evaluation process where possible

- Obviously, to take interest and an active part in the training programme or activity.
- To complete a personal action plan during and at the end of the training for implementation on return to work, and to put this into practice, with support from the line manager.
- Take interest and support the evaluation processes.

Although the principal role of the trainee in the programme is to learn, the learner must be involved in the evaluation process. This is essential, since without their comments much of the evaluation could not occur. Neither would the new knowledge and skills be implemented. For trainees to neglect either responsibility the business wastes its investment in training. Trainees will assist more readily if the process avoids the look and feel of a paper-chase or number-crunching exercise. Instead, make sure trainees understand the importance of their input - exactly what and why they are being asked to do.

It is extremely important to assess the result of any training programme the participant must be made aware of the goals and objectives of the training program and on completion of the training program, they should be asked about the impact of the concerned training programme. Evaluation of any program is a difficult task and more so of a training program. The first step toward evaluation of a training program is to define the goals and objectives of the training program. These goals and objectives should be stated in such format so that they can be measured statistically. Also both the trainer and the trainees must be well acquainted with their role in the training programme. In the evaluation of any training program the first requirement is to collect valid and reliable data. The required data can be collected by using the following techniques.

1. Self-assessments answer sheets.
2. Question confronted by the trainees.
3. Assessing the collected information and observation.
4. Final result based on earlier information plus the new data

Each method of data collection has its advantages and disadvantages. Which need to taken into consideration? The merits and demerits of each method are as follows.

Merits of Self-Assessment

1. The cost factor is quite low.
2. Data can easily collect.
3. Time consumption of the trainer and trainee is negligible.
4. Outside interference is completely avoided.
5. Effective relationships develop between the trainees.
6. Well-designed answer sheet can produce healthy results.

Demerits of Self-Assessment

1. Self-assessment is basically self-evaluation which can be based of biased responses. The assessment must have enough reliability so as to draw right conclusion in regard to individual assessment.
2. The responses given by the trainees can be based on misrepresentation or misinterpretation of the questions asked. Thus self-assessment questions should be small and easy to understand .in addition .no information should be sleeked which will embarrass the trainees.
3. The information provided by the trainees cannot be evaluated in terms of their correctness. All the trainees do not prefer to give the required information lest it may be used against at any point of time.

All these problems can be easily solved. Self-assessment is basically adhered to by all the training programs. However what is important to consider is to make proper effective use of this technique as the trainees provide valuable information which the trainer can use to formulate training strategy. The second requirement for evaluating a training programme is concerned with the evaluation of the training programme when part of the training programme has been completed. The time factor must be decided before the programme is initiated and the evaluation criteria must be determined before the training programme begins. The first evaluation will give adequate information to the trainers whither the programme moving toward write direction. At the same time trainees will be able to assess the value of the program in terms of its needs and usefulness. It is extremely important to realize whether the trainees have understood the need and importance of the training programme. As this stage adequate data should be collected from the trainees to make proper evaluation of the training programme. The collect data, interview and questionnaire methods can be most effective. Interviews can be conducted by seeking information face to face, by means of telephone, or by other strategies like group discussions etc. Each of these methods has its own merits and demerits.

Merits of Interviews

1. Face to face interviews ensure some response. If any responses need to be clarified. The trainer can do so instantly. Similarly if the trainees want any clarification, the same can do immediately. This helps in ensuring correct information.
2. As far telephone interviews are concerned though there is lack of personnel touch. The trainee does not feel the pressure of the interviewer to give answers that suit the trainer. The trainer can answer all those question that are complex in nature. These answers have far more validity as the responses are without any pressure.

Demerits of Interviews

1. The interview is a lengthy and costly process as it requires trained and skilled personal to get results that are reliable.
2. Another important drawback is the possibility of the trainer being involved in the interview.
3. Data collected through interview methods may be out of date and hence difficult to interpret.

Merits and Demerits of Questionnaire

Questionnaires in one form or another do appear in all kinds of research and surveys. Hence it is extremely vital that the questionnaire is framed with utmost care so that it measures the variable in exactly the way it has been designed for. Once the initial design has been properly framed, a pre-test must be conducted to find out whether the questions mean the same thing to the trainer and the trainee. If found inappropriate, the questionnaire should be redesigned and a pilot survey should be conducted. If found appropriate, full survey should be conducted and if found inappropriate the questionnaire should be redesigned again. The reliability and validity of the questionnaire should be properly evaluated before going in for full survey.

In regard to collection of data, it may be observed, "As with any method of data collection it is vital to plan how the data is to be collected. However with this method, since it does not usually involve the design of some sort of formal survey instrument such as questionnaire. It is all too easy to leap straight in without a plan. This can lead to a considerable waste of time and without a plan. This can lead to a considerable waste of time and even worse the wrong data being collected-so the message is plan and design your desk research in the same way as you would any more formal survey."

Thus whatever technique or method we adopt, the validity and reliability of data must be determined. As a matter of fact the trainer must look at three factors to determine the reliability and validity of the collected data. According to Frances and Bee, three key aspects must be considered in any evaluation study. These key aspects are as follows.

The first factor is concerned with the internal stability of an evaluation study. It is concerned with how well the study measures what we want or are aiming to find out. This usually involves the adequacy and appropriateness of the measuring tool. The instrument, used. What needs to be considered is that whatever instruments we use for the purpose of collecting data, we must make sure that the terminology being used actually measures the variable that we intend to measure. Whether the instrument is interview or questionnaire, the terms must elicit the kind of information that is required.

The second factor is concerned with the external validity. It is concerned with the extent that the findings can be applied beyond the group involved in the study. The conclusions drawn on the basis of collected data should not be applicable only to the group that was the basis of collection of data. On the contrary, the collected data should have the reliability and validity to the extent that its conclusions are applicable to other similar situations.

The third factor that needs to be considered is concerned with reliability. The reliability of an evaluation study is the extent to which the results can be replicated, i.e. if the study was repeated the results would be the same. The obvious approach to dealing with this issue is to repeat tests and observations. Also techniques, such as including the same question but in different forms, using multiple observers, etc. can be helpful.

The fourth factor that needs to be taken to evaluate training programme is to conduct and determine reaction level of the trainees in respect of the training programme. The reaction criterion is to be determined in terms of open discussion between the trainers, the trainees, and

the management. This will give ample opportunity to the management to ascertain whether or not the training programme is achieving the objectives for which it was organized. This evaluation should be conducted half way of the training period.

The reaction criteria tend to inform the trainers whether the training programme is achieving the goals as perceived by the trainers. In other words the trainers come to know the level of happiness and satisfaction of the trainees in regard to the training programme. To ascertain and collect this kind of information, the trainees may be asked to fill a self-complete questionnaire in which the trainees have to choose between ranges of alternatives and answer some of the open ended questions.

The self-fulfilled questionnaire seeks information in regard to entry briefing; whether the objectives of the training programme were achievable and how far have they been useful; whether the trainers performance has been satisfactory; and the training methods utility; the midterm evaluation clears the way of the trainers to reframe the training methodology and cater according to the needs of the trainees.

Two fundamental problem need to be assessed in this evaluation process. The first problem is Whether information leaked should or should not be collected in the name of trainee. The evaluation as far as possible be anonymous could give, probably, more accurate information than the information collected in the name of the participant. The second related issue is concerned with the venue where the information questionnaire is filled up by the trainee. It is indeed desirable that the trainee provide information away from the course environment.

This mid evaluation can be very helpful in providing a lot of information that is reliable and valid. As a matter of fact midterm evaluation can be very helpful and the cost of collecting such information is not only very low but it also helps the trainees to reframe their training programs accordingly the approach of midterm evaluation allows the trainer to make comparisons between different training programs that were conducted in other organization or that were conducted by the trainer himself. However a reaction criterion of midterm evaluation does generate an enormous amount of data analysis. How much of this data is used by the trainer for readjusting the structure of the training program depends on the management, trainer, and the participants.

The final step in respect of evaluation of training programmes is to assess whether the basic objectives of the training programme have been achieved or not. In this step cost-effectiveness and cost-benefit techniques need to be utilized to measure the performance. This assessment will demonstrate whether the expected learning that was determined before the training programme was conducted has taken place after the conclusion of the training programme or not.

Some of the scholars suggest that before going in for final evaluation, if feasible, one or two, in between, evaluation, can also be conducted. However too many evaluation questionnaires can disrupt the training program and can create doubts in the minds of trainees towards the effectiveness of the program in the minds of the trainees can be created. Evaluation of the training programme should be undertaken only for the purpose of feedback and restructuring of the programmes to fulfil the goals and objectives of the training program.me. The basic purpose

of any training programme is to improve organizational performance i.e. to assess whether the training program has been able to achieve change that it desired from the training program. The final evaluation program must take into factors that might have affected the final outcome, for example, competitor initiatives, general economic conditions. Etc. performance of an organization must be evaluative in terms of the whole unit and not parts of it.

Hence any evaluation of the training programme may not result in perfect achievement of the goals. We should identify the key factors and indicators that can influence the final results of the training programme. The assessment of these factors will help in the analysis of the needs of the concerned organization. In this respect a comparative study should be made in regard to the information collected before the training programme was initiated and after the training program where changes need to be visualized and thereupon assessed. If possible a comparative study can also be made of the similar training programme conducted in other organization and analyses the differences in the final results. At the time of collecting the final data, proper monitoring should be assured. All the required data should be collected to make elaborate analysis.

In the final analysis it can be stated that the final evaluation is the most important aspect of the training programme aspect of the training programme in order to find and determine the effectiveness of the training programme. This assessment gives a clear picture of the impact of the training program. As indicated earlier, a clear cut indicator of organizational performance determined before the start of the program will make measurement of desired change in terms of evaluation much easier to measure.

CONCLUSION:

The Evaluation of any training programme has certain aims to fulfil. These are concerned with the determination of change in the organizational behaviour and the change needed in the organizational structure. Hence evaluation of any training program must inform us whether the training programme has been able to deliver the goals and objectives in terms of cost incurred and benefits achieved. The analysis of the information is the concluding part of any evaluation programme. The analysis of data should be summarized and then compared with the data of other training programmes similar nature. On the basis of these comparisons, problems and strength should be identified which would help the trainer in his future training programmes.

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ECONOMIC CHANGE: INVESTING IN INNOVATION FOR RESTRUCTURING BUSINESS

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ABSTRACT

The recent financial outrage left the world over to think on the mundane existence, of so far lucrative and attractive innovative financial market instruments. But the debate is not over what they are but about how they are used A scrutiny of recent destruction raises the eyebrow revealing that not all of them were toxic, depends on both highly productive and highly destructive ways, the paper present examples supporting the above stated remarks. The paper also mentioned the relevance of financial innovations with Indian capital market and their compatibility with participants here-to. Furthermore the paper describes the financial engineer modus operandi to source the value gain and restructuring possible.

Keywords: Financial Outrage, Innovative, Financial Market Instrument, Financial Engineer, Restructuring

1. Introduction

A relatively new and revolutionary discipline which has been reshaping the structure of world finance all over the world via Design, expedite, volume of trade, and many more special creative solutions is coined as what we know financial engineering.

Shortly after it was coined in 1980s in the finance literature, hardly anyone had captured the application and the innovation this had bought along in the recent years. Since the term is drafted it has encompassed different meaning to different academician and practitioners.

Meaning and Scope:-

Financial Engineering involves the design, the development implementation of innovative financial instruments process and formulation of creative solution to problem in finance.

Financial Engineering is not only limited to corporate and institutional applications, many of the most creative financial innovation have been directed at the consumer level (like adjustable rate mortgages, cash management accounts, NOW accounts IRA's and Keoghs and various new forms of life insurance). Financial innovation has been a continuous and integral part of corporate world. Greater freedom and flexibility have thus enabled companies to

invent and innovate financial instrument and their subsequent introduction. A variety of factors such as increased interest rate, volatility, frequency of tax and regulatory changes etc have stimulated the process of financial innovations. The deregulation of financial service industry and increased competition with in investment banking undoubtedly led to increased emphasis on the ability to design new products, develop better process, and implement more effective solution for increasingly complex financial problems. These financial innovations are a result of number of Government regulations, tax policies, globalization, liberalization, privatization, integration with the international financial market and increasing risk in the domestic financial market. With the increased volatility in the capital market, the need for new financial innovations to hedge risk and increase returns cannot be overstated.

Financial engineering has thus become the life blood of these activities. According to Thone Finerty financial engineering involves the design, the development, and the formation of creative tailor made solutions to problems in finance. Financial innovations thus become a continuous and integral part of the corporate world. It is necessary to take a close watch on the main characteristics of the revolutionary wave of financial innovation and review objectively what it has achieved and at what cost It is also important to identify the lessons the financial change and innovation in foreign market offer to countries like India in shaping our future financial policies.

2. Literature Review

Financial innovations lower cost of capital, reduce financial risks, improve financial intermediation, and hence welfare enhancing. The primary function of financial system is to facilitate the allocation and deployment of economic resources in an uncertain environment (Merton, 1992). Thus, it highlighted the significance of financial system in an economy including governing payment and settlement systems, financial intermediation, the gathering of savings for pure time transformation (Consumption smoothing) and risk management through Insurance and diversification. The above functions are mainly handled by the financial market participants and they deal with problem of asymmetric information (Scott and White, 2009). Risk being the byproduct of innovation becomes an inseparable part and parcel of financial innovation. Financial innovation is the best way for improving the asset structure and defending risks. (Wang and Gui 2009). Lerner 2006 analyzes the sources of financial innovations between 1990 and 2002. He found evidence that small firms are more innovative than their larger peers. Small and Less profitable firms innovate more, but firms that innovate enjoy enhanced profitability in subsequent years. Older, less leveraged firms located in regions with more financial innovations also innovate more.

Schumpeter (1950) contends that large firms with market power are most likely to advance industrial technology because of their superior access to capital, the ability to pool risks, and economies of scale. Scherer confirmed the same finding in (1984) suggests that small firms are relatively more likely to innovate than are large firms, because of standard competitive motives. Solomon Tadesse 2005 examines the channels through which financial development could influence countries' economic performance by focusing on the relations between financial development and the components of productivity growth. This is a cross country study comprising with thirty eight countries covering the period 1980 to 1995 and confirmed that financial development could influence growth through facilitating technological innovations and low-cost production methods that could boost productivity. Kolari et.al 2009 examines the link between competition and innovation by focusing on individual firms within the U.S. banking industry in the period 1984-2004. It measured innovation by estimating technology loopholes

and concluded the evidence of an inverted-U relationship between competition and technology gaps in banking. Seminal work by Schumpeter (1942) posits that product market competition discourages innovation by diminishing monopoly rents. By contrast, Aghion, Harris, Howitt, and Vickers (2001) assert that competition may foster innovation as firms attempt to escape competition.

Supporting this conjecture, some empirical studies find an inverted- U pattern between competition and innovation (e.g., Levin and Mowrey 1985, Kolari et.al 2009). In an attempt to reconcile theory and evidence, Aghion and Griffith (2005) propose a theoretical model that is able to explain an inverted-U relationship between competition and innovation, wherein an escape competition effect initially dominates until competition reaches a sufficient level at which the rent dissipation effect thereafter prevails. Innovation is mainly driven by modern Globalization and investors and government resulting in exposing to new and wider international risk, innovation becomes a new tool to solve, manage and transfer all the extra burden. Some authors pointing increase in volatility as a stimulus to innovation. For example, Smith, Smithson, and Wilford (1990. p. 13) document the increase in the volatility of interest rates, exchange rates, and commodity prices, and draw a relation between increase in riskiness and financial innovation. But, recently there are two important contributors for transformation of financial sector- Technological changes and Deregulation. The deregulation of banking systems, in particular, promotes economic growth through improved allocation, efficiency and a reduction of financial service costs.

Merton (1995), focused on the future perspective of financial innovation in his article he explained functional perspective of financial intermediation. Macro level, a single primary function of financial system is to facilitate resource allocation, further distinguish six core functions performed by the financial system.

They are:

- A financial system provides a payments system for the exchange of goods and Services.
- A financial system provides a mechanism for the pooling of funds to undertake large scale indivisible enterprise.
- A financial system provides a way to transfer economic resources through the time across geographic regions.
- A financial system provides a way to manage uncertainty and control risk.
- A financial system provides price information that helps coordinate decentralized decision making in various sectors of the economy.
- A financial system provides a way to deal with asymmetric information.

3. Financial Engineer: The Game Changer

Financial engineers are often called upon to develop new instrument to secure the fund necessary for the operation of large scale businesses.

The most dramatic example of their engineering skill was perhaps, the introduction of junk bond and bridge financing and LBOs (Leverage buy out).Financial engineers are also employed in securities and derivatives product trading. They are particularly trained at developing trading strategies of an arbitrage nature. Arbitrage across instrument explains many new developments which have given rise to "synthetic" instruments and 'repacking' of cash flows. Synthetic options, zero coupon bond and collateralized mortgage obligation bonds (CMO) are all examples of such activity. Asymmetries in market access and asymmetries in tax exposure also create opportunities. These asymmetries explain the advent of swaps and proliferation of special purpose partnerships.

Investment vehicles such as "high yield" mutual fund, money market fund, sweep system and Repo market to mention just a few have played a tremendous role in money management. Transforming high risk investment instrument in low risk investment instrument through ingenious devices as repackaging and over collateralization adds another feather on the cap.

4. Financial Engineering and Risk Management

Financial Engineer demand structural solutions to corporate risk exposure. Individual are unwilling to bear risk because they are not adequately compensated for doing so. Some of the innovation of the concerned subject deals with liquidity and also have risk limiting capability for example collateralized mortgage obligation bond, provide a vehicle by which, direct investment in mortgage or mortgage pass through certificates or instrument like adjustable rate debt are not very price sensitive in the general level of interest rates as equivalent maturity fixed coupon instruments thus only expose their holder to less risk.

During the last two decade financial innovation has been directed to design some sophisticated risk management strategies. Among the instrument introduced are interest rate future and interest rate options, stock index future and stock-index options. Currency future and currency options, over-the-counter contracts such as forward rate agreements and forward exchange agreements and a whole array of swap products including interest rate swaps, currency swaps, commodity swaps and equity swaps. Among the risk management strategies developed or improved over the last two decades are assets/liability management techniques including various forms of duration and immunization strategies better risk assessment and measurement techniques including both the quantification of price risks via volatility measure and graphic representations via risk profiles and the development and improvement of hedging strategies including duration based regression based and dollar value based techniques.

5. Financial Reengineering or Financial Destruction

There remains no doubt that financial innovation has completely changed the financial market over the past few years. Its main contribution is to split the risk and return into several components and allow investors of financial markets to decide the combination that is most suitable to them. For instance, the fears of micro and macro financial crises have ballooned with the growth of derivatives. They cause wild fluctuations in assets prices by disrupting the market for those assets. The expansion of derivatives market may reduce the volume of business on the new issue market.

A scrutiny of recent destruction reveals that not all of them were universally toxic or universally beneficial. In fact the same financial instruments have been used in both highly productive and highly destructive ways. Since innovative financial products can and have served important and productive roles when properly used (the most important of these are fully or fairly mundane in nature). Consider for example Securitization that add substantial complexity and makes it difficult to adjust the term of the underlying loan if some of these loans gets in trouble.

As Leo Tillman and Nicholas Dunbar have already argued that debate should not be about particular innovation but about how they are used.

Rules to bring transparency involving innovations that are used to disguise debt i.e. that are truly a degree of leverage of the parties is revealed. Hence it is important to discuss:

- How to spot potentially viable financial innovations, and
- What type of a setting encourages companies and investors to use financial products responsibly?

Swaps for instance, made Greece appear insolvent, but they also helped many financial and industrial companies manage risk by matching assets and liabilities. Credit derivative helped turn

AIG into a hedge fund, but they also protected companies and investors from a housing market collapse and rise in defaults during a recession. Securitization undoubtedly contributed to the housing bubble, as "originate to sell" business model divorced originators from credit risk and lowered underwriting standards. But it was also securitization that has led to the creation of entirely a new asset classes such as mortgage and asset backed securities linked lender and borrows around the world in unprecedented way, lowered funding cost and created new investment opportunities, for example individuals, pension funds and college endowment.

Financial innovation is thus central to both economic growth and moral consequences as argued by Benjamin Friedman.

Admitting the hardship to measure whether a new financial tool or service or use of financial technology is more likely to benefit or a instrument to harm the participants, a two way complimentary criteria of consistency is structured, which perhaps gives a smell to act proactively, and helps to ask the right questions timely. *Firstly*, the aforesaid innovation or reengineered instrument ought to have a long lasting economic value for users. Creative use of instrument like debt and equity instrument, innovative advisory services, software designed to fulfill client's need should have the potential to deliver lasting effect. *Secondly*, for the growth and prosperity of the country creative changes should be modeled such that they becomes a tool for the sustaining and enhancing economic dynamism (everybody capability and regularity to innovate ways that proves lasting and viable). For example capital market instrument fairly priced to the business sector has the potential to enhance economic dynamism, but on the other hand if the new instrument is designed to help to provide more room to an already overleveraged companies then this is probably result in misallocation of resources and impair the economic dynamism in a long run.

But still question remains, which pillars of financial system is viable for financial innovations emergence? Certainly regulation is one which helps in making coordination that define appropriate behavior of market participants and protect investors.

Transparency, being a part of regulation helps in informing quickly the status of a certain financial institution from a risk management perspective.

Leadership and Governance plays a battlefield, in dealing with competitive pressures, and other market rumors. Proactiveness, embracing directors fiduciary responsibilities grounded in risk management enact a new kind of corporate governance.

6. Role of Innovation in Economic Development and its Technological Symmetry

Most of the empirical studies had confirmed that finance or financial system is the heart of the economy which determined economic growth in an economy (Levine 1997).

This perhaps displays the growing significance of financial innovation as a casual contributor in stimulating the economic growth and reengineering businesses particularly in emerging economies. The growing need of financial innovation in stimulating economic growth and businesses operations indeed can be viewed by explaining functions it has performed (Merton, S 1992). Financial innovation is helpful in ensuring smooth functioning and improves the overall efficiency of the system by minimizing cost and reducing risk. More generally, financial innovation has been a central force driving the financial system toward greater economic efficiency (Merton and Bodie 2005).

Apparently finance is an virtual indispensable inputs and correlated with every other activities, development over financial sector would have direct and positive ramification in the economic growth, since better system can encourage more saving and investment and can also encourage

better (more productive) investment decisions, these indirect positive effects from financial innovation are yet greater still (Frame and White 2002). A discussion over economic development without banks and a fair change of technology is perhaps incomplete. Banks works as the originator and channelize the innovation and facilitates the investors to accept the creativity in the market and the fair amount of and the friendly technology has provided as a driving force to make a compatible environment and ease. The basic underlying "physical" technologies of finance are those of telecommunications and data processing, which provide the gathering of information, its transmission, and its analysis easy and fast. Increasingly, these technologies allow financial market participants to measure and manage their risk exposures more efficiently and effectively. For example, with respect to lending, asymmetric information problems imply that lenders have difficulties determining who is a creditworthy borrower (adverse selection) and also have difficulties monitoring borrowers after a loan has been made (moral hazard). Accordingly, better (more advanced faster, lower cost) physical technologies have permitted more innovations (e.g., credit and behavioral scoring) that allow lenders / to overcome those asymmetric information problems. Banks are mainly depends on interest income on loans. As such, by developing new banking businesses banks can speed up die circulation of capital. Further, it improved the safety of assets by higher profitability and liquidity. This shows that financial innovation and exploration is the best strategy for banks adapting to the changing environment and escaping risk. Nevertheless, Most of the commercial Banks in Developing countries are still engaging traditional banking activities (Wang and Gui 2009).

Relevance of Innovative Changes in Indian Capital Market (An Analysis' of Innovative Instruments of Raising Finance by Listed Indian Company) Investments in companies were a risky proposition; low returns on equity and availability of limited options due to existence of limited number of instruments were common. The changed scenario promises to be panacea for all the deficiencies of the past.

7. New Instrument in the Indian Capital Market

With the virtual evolution of capital market new financial instruments suiting the requirements of the companies were introduced, keeping in view the growth expected by investors, price and credit risk, liquidity and quantum of funds etc. Some of the new financial instruments are Zero coupon bonds, warrants, (detachable warrants secured premium Notes, Stock invest, Bond with floating interest rate, Deep discount bonds, option bonds, option, swap financial engineering made first appearance in the finance literature in 1987-88. (*John Finnerty "Financial Engineering in Corporate finance An Overview 1988pp 4-3)*

Currency Futures

Currency derivatives were launched in August 2008 at National Stock Exchange. A currency future is a futures contract where the underlying asset is a specific foreign currency and amount. Profits and losses depend on the relative movements of the two currencies. This enables the market participants to hedge their risk in the currency market.

Long Term Option Contract

Securities and Exchange Board of India (SEBI) has permitted the use of Long Term Option Contract (LTOC) on S&P CNX Nifty for trading in Future and Option segments from January 2008 onwards. The advantage of LTOC is that all the existing risk management measures used for index option contract such as initial margins, short option minimum change position limit and including the right of clearing corporation to close out positions can apply to LTOC on S&P CNX Nifty also.

India VIX - The Volatility Index

India VIX - Volatility index is based on Nifty 50 option prices. The purpose of the index is to capture the implied volatility embedded in option prices. It shows the amount by which the underlying index is expected to fluctuate in the near future. It is based on the order book of the underlying index options.

National Spot Exchange Limited

The cost of intermediation in the commodity futures market being high, reduce the marketing efficiency and gains made by a farmer. The National Spot Exchange Limited (NSEL) helps in reduction of costs and enables farmers to realize better price for their produce. It is advantageous as in future market trades happen for big volumes, in tons, whereas in spot market the trading happens for low volumes, say one quintal trading lot for one farmer. Moreover, farmer does not need pan card number, ration card and other formalities, which are necessary in future trading. In future market the delivery is not guaranteed but in the spot market, the contracts are designed with compulsory delivery on T+1 and T+3 basis.

Extension of Circuit Breaker to Index based Market

Circuit breakers are normally applied to individual scrips to suspend trading in case of their excessive volatility. The same concept has been financially engineered for the exchange in case of the index movement either way at 10%, 15% and 20% with respect to some base level. The advantage of Index based market wide circuit breaker is that it provides stability to the index and enhances investor's protection.

Mutual Funds

With deep fall in the stock market in 2008 the mutual fund industry tends towards financial innovations for dealing with market turmoil. New financial innovations were introduced in the mutual fund sector. The following paragraphs discuss innovations in mutual fund sector.

Arbitrage Fund

Arbitrage Funds are equity and derivative funds providing an ideal way of realizing reasonable returns from equities with risk hedged by derivatives. The Arbitrage Fund capitalizes on the stock price differences between the spot market (cash segment) and the derivative market (F & O segment). The fund generates returns by availing the arbitrage opportunities that arise in case there are mispricing between the spot and derivative market. The returns can be generated irrespective of the overall market movement. Empirically they have shown better results than debt or income funds. They provide good returns during volatile periods.

Mutual Funds and Derivative Strategy

With a view to deal with global financial crisis, financial engineers have innovated equity linked fixed maturity plan mutual fund which involves taking position with minimal market risk. The fund buys one stock (or its derivative) and sells another (or its derivative). This is done by identifying the trend i.e. benefiting one company and at the same time detrimental to another.

Fund of Funds

The mutual fund industry innovated a noble way for achieving the maximum diversification and minimizing risk, by developing a mutual fund which derives its value from a pool of mutual funds which are under the management of the same company.

8. Financing Instruments issued by Indian Company

The worldwide financial industry is filled with innovative product design. New financial products become popular because people find them useful. New products like index funds, index futures, index options, etc., became internationally successful because they fulfill basic economic objectives of people in the economy. After the liberalization measures were announced in 1991, Indian Company under took issuance of new instruments seriously in order to attract large section of investors. Essar Steel used convertible debentures with warrants and loyalty coupons, Tata Iron and Steel Company Limited issued secured Premium Notes with warrants, Flex Industries issued partly convertible debentures and non convertible debentures with warrant attached to each instrument DLF issued multiple option bonds, Essar oil issued optionally fully convertible debentures and Reliance Petroleum issued triple option convertible with equity warrant and Esab India issued partly convertible debenture.

This burst of innovation has seen a typical shift in the design and development of new instrument. The classic conversion is that of debt in to equity. Offering the investor the option of conversion keeps the cost of his convertible debt lower than straight debt, thus minimizing the cash out flows during the gestation period. Once

the project yields steady profits, the equity conversion results in a relatively- expensive dilution. The use of features like warrants makes the equity and convertible less expensive for the investor. It creates possibilities for their full subscription by the investors and also turns out to be cheaper for the issuing company. Some of the innovative financial instruments used by the companies in the Indian Financial Market are explained as follows:

- **Triple Option Convertible Debentures (TOCD)**

- First Issued by Reliance Power Limited with an issue size of Rs. 2,172 Cr.
- There was no outflow of interest for first five years.
- Equity increase was in phases.
- No put option to investors and no takeover threat.
- Reduced dependence on the financial institutions.
- The expenses for floating the issue was just 2.62% of the issue size which was very less when compared to the 10-12% for a general public issue.

- **Deep Discount Bonds**

- The investor got a tax advantage and could eliminate the re-investment risk.
- From the issuer's point of view also, the issue cost was saved as it involved no immediate service cost and lower effective cost. The refinancing risk was also eliminated.

- **Floating Rate Notes**

- First issued by Tata Sons with a floor rate of 12.5% and a cap of 15.5% and a reference rate of 364 T-Bill yield, which was 9.85% at the time of issue.
- The investors would get a minimum return of the floor rate and the maximum return was the cap rate. They would get higher than floor rate depending upon the fluctuations in the reference rate.

- **Zero Coupon Bonds**

- It did not involve any annual interest on the bonds. But it had a higher maturity value on the initial investment for a particular time period.

- **Convertible and Zero Coupon Convertible Bonds**

- Similar to the zero coupon bonds except that the effective interest was lower because of the convertibility.

- **Secured Premium Notes (SPNs)**

• First issued by TISCO in July, 1992.

- These financial instruments were secured against the assets of the company but the investors had to pay a premium over the market price for these types of instruments.
- **Equity with Differential Voting Rights**
- Issued by Tata Motors, in which the shares were classified as "Ordinary Shares" and "A Ordinary Shares".
- The ordinary shares were issued at Rs. 340 per share, had a voting right of one vote per share.
- On the other hand, the A ordinary shares were issued at Rs. 305 per share but the voting rights

were limited to one vote for every 10 shares. In addition, they were paid extra dividend of five percentage points.

Much of the writings on financial innovation one comes across, including those emanating from multilateral financial institutions, are laudatory. There is an implicit, rather naïve, assumption that the current pace and extent of financial innovation are the result of market participant's response to the inefficiencies and inadequacies in the financial system and hence the recent change have helped to strengthen and improve the efficiency of financial intermediation. They ignore the role of the current financial innovation in transforming the financial system into a fragile structure and also the conversion of financial activities into a cascading self-gratifying business, unhinged from the real economic activities which the financial sector is supposed to serve.

9. New Amendments in Capital Market Exchange Traded Interest Rate Futures

SEBI has introduced Exchange traded 10-Year Notional Coupon bearing Government of India (GOI) security futures with specified details in terms of product design, risk management measures and other related issues. For trading in Exchange Traded Interest Rate Futures, recognized Stock Exchanges and their Clearing Corporations / Clearing Houses, Clearing Members and Trading Members are required to fulfill certain prescribed conditions. To operationalise 10-Year Notional Coupon-bearing GOI security Futures, it has been clarified that the Exchanges shall select their own basket of securities from the eligible Deliverable Grade Securities, viz., GOI securities maturing at least 7.5 years but not more than 15 years from the first day of the delivery month with a minimum total outstanding stock of Rs 10,000 crore. Exchanges are also required to disclose upfront to the market participants the composition of the basket of deliverable grade securities and the associated conversion factors for each of the quarterly contracts.

Revision of Basket of Deliverable Grade Securities is permissible. The additions, if any, made to the basket of deliverable grade securities disclosed upfront by the Exchange for each of the quarterly contracts, is required to be made not later than 10 business days before the first business day of the delivery month. The determination of daily settlement price (DSP) has also been prescribed.

Derivative Contracts on Volatility Index

SEBI has permitted Stock Exchanges to introduce derivative contracts on Volatility Index, subject to the condition that the underlying Volatility Index has a track record of at least one year and the Exchange has in place the appropriate risk management framework for such derivative contracts.

Before introduction of such contracts, the Stock Exchanges are required to submit the Contract specifications, position and Exercise Limits, Margins, the economic purpose it is intended to serve, likely contribution to market development, the safeguards and the risk protection mechanism adopted by the exchange to ensure market integrity, protection of investors and smooth and orderly trading, the infrastructure of the exchange and the surveillance system to effectively monitor trading in such contracts, and details of settlement procedures & systems.

Index Options with Tenure up to 5 Years

SEBI permitted Stock Exchanges to introduce option contracts on Sensex and Nifty with tenure up to 5 years subject to the condition that there are 8 semiannual contracts of the cycle June/December in sequence to 3 serial monthly contracts and 3 quarterly contracts of the cycle March/June/September/December. The Exchange must also have in place the appropriate risk management framework for such derivative contracts.

Call Auction in Pre-open Session

SEBI has decided to introduce call auction mechanism in pre-open session. To begin with, pre-open session shall be introduced on a pilot basis by BSE and NSE for the scrips forming part of Sensex and Nifty.

Options on USD-INR Spot Rate

SEBI has permitted introduction of options on USD-INR spot rate on currency derivatives segment of eligible Stock Exchanges with its prior approval. SEBI has also prescribed detailed product design and risk management framework for options on USD-INR spot rate including the position limits at various levels such as client, trading member, and bank and clearing member level.

The current pace of innovation that started in the 70s gathered momentum since 1982. In the wake of the external debt crisis and the sharp deterioration in the asset quality of US bank's domestic portfolios due to excessive lending to real estate business, agriculture and energy related industries. Being the leading capitalist economy in the world, US bank took the lead in financial market innovation. The financial industry is the most dynamic sector of the US and innovation has been more hectic and generalized in the US than in Europe and Japan. The innovative impulse later spilled over to other countries and the global Eurocurrency markets. Even today German and Japanese banks participate in the innovative activity in international money and capital markets through their overseas branches and subsidiaries.

10. Breaking-up for Good (Corporate Restructuring and LBO)

Diversification in the 1950's and 1960's gave rise to huge conglomerate firms and this has led Jirapom, Kim, Davidson & Singh (2006) to question whether corporate diversification enhances or destroys shareholder's value. Proponents of diversification argue that diversified firms gain benefits such as enhanced operating efficiency, larger internal capital markets from where companies could increase their debt capacity, lower taxes and the capability of taking up more positive net present value projects. On the other hand, critics of diversification argue for divestiture and re-focusing instead.

As large corporations learn to handle the flow of capital and information in a more sophisticated way, they are finding it easier to boost shareholder value by restructuring the capital and assets that make up their businesses. **Creating Value for Shareholders**

The restructuring wave of 1980s witnessed all the traditional forms of restructuring showing an advent of a major new trend when many large publicly traded firms went private employing leverage buyout. The advent of Junk bond, bridge financing, venture capital firms, and merchant banking, all of which are product of financial engineering and facilitated those means.

Restructuring activity was also stimulated by a succession of favorable change in tax law. The Economic Recovery tax act (ERTA) of 1981 permitted old assets to be stepped up for depreciation purpose upon purchase by another firm and for the higher basis to be depreciated at an accelerated rate. We want to know if restructuring generally value gains for shareholders or not and if yes, then how these value gain might be achieved and the source of the value gains .It is the perception of the value gains, after all, that motivates the corporate restructuring and it is the financial engineering which makes the restructuring possible.

To turn the whole process a success corporate restructuring encompasses three distinct activities:

- Expansion
- Contraction
- Ownership and Control

Companies that elect to restructure usually have one goal in mind: creating value for shareholders. Empirical evidence in the form both of price-to-earnings (P/E) multiples and total return to shareholders (TRS) — the combined capital appreciation and dividend yield of an equity demonstrates that, on average, each form of restructuring creates value.

The Believe that makes such Gains in Stock Prices Possible are

First, there is an increase in coverage by analysts. Perhaps the floating equity in business units not previously exposed to the market makes their operating performance more transparent and raises shareholder returns by revealing hidden value.

Second, the restructured subsidiaries attract new investors.

Third, the restructuring of ownership usually improves a subsidiary's operating performance through such means as new incentives to management.

Finally, restructuring can improve corporate governance and increase strategic flexibility. For example, A study by Berger and Ofek (1995) showed that diversification destroys value. They estimated the value of diversified firms' segments as if they were conducting business as separate firms and found that the loss incurred varied from 13% to 15%.

Jones and Miskell (2007) indicate that many mergers and acquisitions had unsatisfactory outcomes and that financial economists concluded that, on average, acquisitions benefited the shareholders of acquired firms rather than acquiring firms. Furthermore, Hoskisson, Johnson, Tihanyi and White (2005) argue that corporate restructuring has been a very popular strategy during the past 25 years and its impact is felt in almost every sector of the U.S. and European economies. They distinguish between three forms of corporate restructuring: *asset restructuring*, *financial restructuring* and *organizational restructuring*. *Asset restructuring* involves the sale or spin-off of businesses within the corporate portfolio, leading to a refocused (predominantly lower) level of diversification. *Financial restructuring* encompasses leveraged buyouts, stock repurchases, and leveraged recapitalizations, whereas *organizational restructuring* entails reorganizations within the firm that do not involve the sale or disposal of assets.

To divest, conglomerate firms proceed to sell-offs, which are defined by Alexander, Benson and Kampmeyer (1984), as the action of selling some assets of a parent firm, like a division or

a product line, to another firm. Reasons for divestitures (Weston, 1992), could be for abandoning the core business, changing strategies or restructuring, discarding unwanted business from prior acquisitions, financing prior acquisitions, warding off takeovers, reversing mistakes and/or lack of fit of the acquired division.

Conclusion (Key Challenges to Growth of Financial Engineering)

While the rising importance of financial sector and particularly financial innovation has been highly recognized, a critical review over the characteristics of financial innovative product and services and as such reengineering could prove extremely beneficial by adding value to the company and later to the whole economy. Though, it is not the product or services which are toxic but the lack of knowledge and governance over the intensity of usage which make these new instrument highly sensitive.

Indeed the financial innovation in conjunction with technological association totally changed the banking philosophy and is further tuned by the competition in the banking industry. However, the priceless lesson the financial changes had given to foreign markets helps in shaping our financial policies. The recent experienced losses is strong enough to put a question mark on the growth of these changes, and thus compelled us to think two vital questions. 1) Whether these product and services are worthwhile to carry, concerning the cost involved and the fact that they are only transferring and exaggerating but not elimination the risk? 2) To what extent the regulation can keep a check on its use?

Further, Introduction of new financing resources; thus, have provided opportunities to Indian Companies to design instruments which could give them the freedom to address the varying needs of investors group and to lower the cost of capital. Some of the challenges in the growth of Indian capital market are summarized as : Low retail equity ownership: Indian households invest much less in equity markets than do their developed market counterparts, particularly in the United States and the United Kingdom.

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