4D INTERNATIONAL JOURNAL OF MANAGEMENT AND SCIENCE

Volume: 2

Issue: 2

ISSN no: 2250-0669

www.4dinternationaljournal.com

4DIJMS

EDITORIAL

Warm welcome to our Readers and Authors!!!

It gives me immense pleasure to present this issue of Journal. This is our second year of inception and with great pride I would like to share some valuable information with our Readers and Professional Colleagues. Within a short span of time this Journal is listed in leading Directories-ULRICH- (US,), CABELLS DIRECTORY USA and will be incorporated in EBSCO.

Further we have license agreement with Dell Cengage Learning (USA).

I am further pleased to announce our forthcoming new Journals-4D International Journal of IT and Commerce and 4DInternational Journal of Technology and Science.

I extend thanks to our Editorial team and Authors who are constantly putting their true efforts to upgrade the contents of the Journal .Readers feedback is solicited, as has been in the past.

With best wishes,
Prof. Nisha Singh
South Carolina, USA
EDITOR

4D International Journal of Management and Science
ISSN No: 2250-0669
@4D Crossconnect.com, Inc, 2012
www.4dinternationaljournal.com
Vol. 2, Issue 2, 2012

AN- ASSESSMENT OF THE TRAINING EFFECTIVENESS OF EMPLOYEES IN E-LEARNING CORPORATE TRAINING PROGRAMES

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ABSTRACT

The term ***training*** refers to the acquisition of knowledge, skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to specific useful competencies. Training has specific goals of improving one's capability, capacity, and performance. It forms the core of apprenticeships and provides the backbone of content at institutes of technology (also known as technical colleges or polytechnics). In addition to the basic training required for a trade, occupation or profession, observers of the labour-market.the need to continue training beyond initial qualifications to maintain, upgrade and update skills throughout working life. People within many professions and occupations may refer to this sort of training as professional development.

To respond to a changing work environment that is demanding „just-in-time training" for employees, most of company organization not only depends on traditional training, they have already mobile to e-learning and emphasizing it in safety and health since they were trust of the benefits of e-learning training to the company cost effective. Nevertheless, accidents still happen at the workplace. This has become an issue to be discussed/studied, especially on the effectiveness of e-learning training with compared to traditional training.

Corporate managers are constantly looking for more cost-effective ways to deliver training to their employees. E-learning is less expensive than traditional classroom instruction. In addition, many expenses – booking training facilities, travel costs for employees or trainers, plus employee time away from the job – are greatly reduced. However, some firms that have spent large amounts of money on new e-learning efforts have not received the desired economic advantages.

Keywords: ***Employees Learning, e-Learning, Costs and effectiveness, corporate; economic benefits.***

INTRODUCTION OF E-LEARNING TRAINING PROGRAME:

Employee training is a necessity need to get new hires up to speed as quickly as possible so they can become productive members of team and it has update the skills of existing employees so they'll be ready for the implement new technology, develop new process there may be other definitions, but we define e-learning (also called e learning or eLearning) as The delivery of a learning, training or education program by electronic means. E-learning involves the use of a computer or electronic device (e.g. a mobile phone) in some way to provide training, educational or learning material. (Derek Shockley 2003) e-learning can involve a greater variety of equipment than online training or education, for as the name implies, "online" involves using the Internet or an Intranet. CD-ROM and DVD can be used to provide learning materials. Distance education provided the base for e-learning's development. E-learning can be "on demand" It overcomes timing, attendance and travel difficulties. An e-journey is one type of e-learning or online training. Blended learning is e-learning combined with other training methods.

It may be able to do much of the training self--at a significant cost in time, of course. It is more experienced employees are also good sources of training, either on the job or in more formal, off-site sessions held in lunchrooms or classrooms. It can save time--but not money--if it hires third-party trainers to conduct classroom sessions. Inexpensive, easily repeated training can be found in video-based courses, computer-assisted instruction, and Web-based training.

WHATEVER KEYS TO DEVELOPING A GOOD TRAINING STRATEGY:

- Start by asking yourself what you want your people to learn. Be as specific as possible. ("I want my evening shift workers to be able to use Microsoft Excel to update the day's sales figures.")
- Assess your employees' current skill levels. Evaluate the gap between where you want to be and where you are.
- Select one of the training modes described above, based on your time and financial budget. Do not forget to budget for downtime and lost production while class is in session.
- Decide who knows the topic best. It may be you, your veteran employees or a third-party trainer.
- Design a training program. It should call for imparting information to trainees, giving them time to absorb and try out their lessons, providing expert feedback, and giving them a chance to be creative.

During the last one hundred years in the training development field, it has seen many rapidly changes and still continues experiencing them in its head long rush to keep up with the evolutionary process of adaptation to an ever changing world and its ever changing technology. With this comes the never-ending process of developing new learning process and methods to meet this changing technology.

The word "Training" is an encompassing term, which is often used, in describing changes occurring in our behaviours because of an experience we have encountered at some point in our live .Many factors can and often do affect an individual ability to learn, but usually before any learning can really occur several things must be present. Maybe the foremost important factor in learning is the learners themselves and how receptive are they to learning. Yes. There is theory about that too;it's called the "Conditions of Learning."

The "Condition of Learning" theory stipulates there are several different types or levels of learning. The significance of these classifications is important to understand as a trainer, because each level of learning requires different types of instruction.

These theories identify five major categories of learning:

- **Verbal information**
- **Intellectual skills**
- **Cognitive strategies**
- **Motor skills**
- **Attitudes**

To plan and develop a successful training program and teach it effectively, an instructor needs to understand some of the basic in human learning behaviors to know what skills their students brings with them to use to learn with. The instructor who is knowledgeable about these learning behaviors can and often does apply this knowledge during the design phase of a training program and even during their interacting with learners during the actual training process itself. Most instructional designers are very knowledgeable when it comes to how we humans learn things and design their training programs around this information. They will use many different types of training models to develop training programs with this objective in mind realizing that no two individuals will learn the same way. A well-developed training program will the learners to use all or in combination any one of those skill set to learn the subject been taught. One of the more generally used training model used in developing training programs which can achieve these objectives of reaching broad range of learners is a training model known as the "ADDIE" training system which consist of the following five element making up the ADDIE model:

- **Assess**
- **Design**
- **Develop**
- **Implement**
- **Evaluate**

We can use these five planning elements in the model when in the developmental and planning stages of a new training program to develop a very effective training program, and once all of the individual phases making up the model have been implemented. The model then closes the loop in the training developmental cycle by validating the effectives of the training program. The evaluation and validation of any training process is a very important key element not to be overlooked or treated lightly in the development of any training development process. Why? Because it becomes the tool used to tell us if we reached our intended goals or objectives. The evaluation and validation data (testing results) will show us where and/or what is needs to be tweaked or changed in our training program to improve it. During the course, we will discuss more on the training development models and their history and usages and how they apply to you as the trainer.

COST AND EFFECTIVENESS:

The two major economic changes for an enterprise that is substituting or blending traditional training with e-Learning are:

1. Training cost changes
2. Changes in training effectiveness

Training cost and effectiveness are the chief components of CEA, and being clear about these points is essential to attaining meaningful results. Here is a brief introduction to Cost Analysis (CA) and Effectiveness Analysis (EA).

COST ANALYSIS:

Depending on the nature of the face-to-face or e-Learning training, different costs may occur. Whether, for example, staff travel expenses appear in the CA of a face-to-face training depends on where the training takes place. Travel costs occur only when the course is not delivered in-house. The analysis only has to consider development for an e-Learning course if the course is specially developed for one's own organization. If the organization bought a standard course, user license costs appear instead.

It is important to base the cost formula on fixed costs, variable costs, and the total number of participants.

THE COST FORMULA:

Costs are either fixed or variable in relation to the number of participants. Fixed costs, such as course development costs, occur independently of the number of participants. This means that the total fixed cost remains the same, no matter how many people join the course. Thus, the fixed cost per person actually decreases as the number of participants increases. Economists call this phenomenon "economy of scale". Variable costs, such as travel expenses, occur for each participant individually. This means that total variable costs increase along with the number of participants but the variable costs per person stay constant.

Therefore, we can use the following formula to calculate the total cost of both face-to-face training and e-Learning:

Total Cost = Fixed Cost + Variable Cost **x** No. of Participants

IRRELEVANT COST:

We need not include in our cost calculation those costs that are the same for both traditional and e-Learning solutions (e.g. the salary of the training manager). The reason for this is that we are comparing the *changes in cost* of substituting or blending an existing face-to-face training with e-Learning. Including these costs for both alternatives will yield the same result but will create more work than is necessary.

When deciding whether to blend or substitute an existing face-to-face training with e-Learning, you should not include the costs which have already been paid for during the face-to-face training (sunk cost). For example, you have developed a face-to-face training for which now there are only variable costs (i.e. the trainer's salary). These development costs are considered sunk cost and can thus be ignored. For the new e-learning alternative, however, you should include these costs.

A Cost Analysis example

Let us analyze the cost of substituting an existing tailor-developed face-to-face course with that of a similarly tailor-developed e-Learning course. Figure 1 shows the total cost of both alternatives in relation to the number of participants.

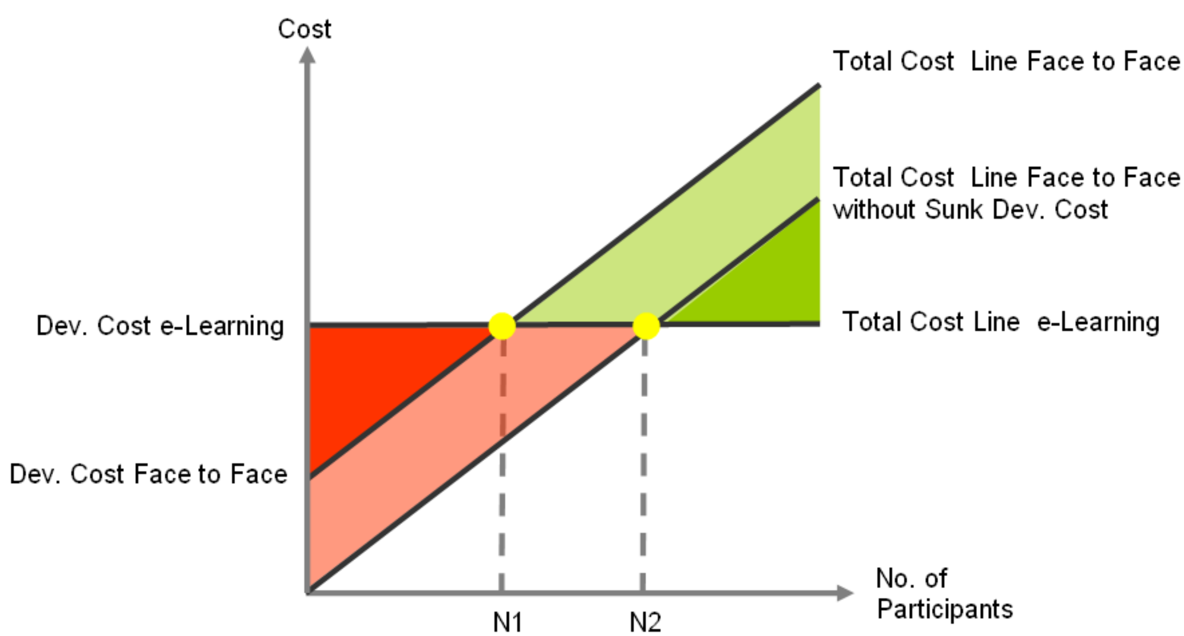

Figure 1: *Cost comparison of a personalized face-to-face training versus a personalized e-Learning course, dependent on the number of participants*

Both courses have fixed development cost. The development cost of face-to-face training is clearly lower than that of e-Learning. On the other hand, once developed, the e-Learning course does not incur any further costs. Therefore, the total cost line for e-Learning is horizontal. The traditional course, however, contains such variable costs as the cost of the trainer. Consequently, the total cost line of the face-to-face course continues rising after development. When a particular number of participants are reached at N1, the total cost line of the face-to-face training intersects with that of the e-Learning training. So after this number is reached, the total cost of e-

Learning is less than that of a traditional training. From N2 on, the *additional* cost of e-Learning is less than the *additional* cost of continuing the face-to-face training.

EFFECTIVENESS ANALYSIS:

CEA compares the cost and effectiveness of different alternatives with the same goal. In the previous section we analyzed the costs of blending or substituting a face-to-face training with e-Learning. This section deals with the Effectiveness Analysis (EA) of the two alternatives.

Effectiveness is the extent to which an activity fulfils its intended objective. Finding the appropriate measure(s) of effectiveness is essential for a successful EA.

Levin and McEwan (2001) emphasize that evaluators need to consider two general concepts when choosing among measures of effectiveness: reliability and validity. A reliable measure is one that yields the same results when applied repeatedly to the same individual. A measure is said to be valid if it reflects a close correspondence to the main objective of the alternatives. The evaluator's goal is to employ the most reliable and valid measures available.

Donald Kirkpatrick is a pioneer in the science of corporate training effectiveness evaluation (Kirkpatrick 1959, 1960) and his model (Kirkpatrick 2006) is still by far the most popular one used by organizations today (Bates, 2004). It consists of four levels of training outcomes:

1. Reaction: measures learners' satisfaction with the program
2. Learning: measures changes in knowledge, skills and attitudes
3. Application: measures changes in job related behavior
4. Results: measures changes in business impact variables

CEA can be done most easily if we focus on exactly one measure. It should be the most reliable and valid measure available, revealing to what extent both face-to-face and e-Learning fulfill the intended *main training objective*. For new employee induction training you could use Kirkpatrick's Level 2 test results as an effectiveness measure.

MEASURING RESULTS:

When we measure the results of e-learning, do we have to evaluate e-learning differently from traditional training methods? ASTD (2000a) points out that current training evaluation techniques and processes can be expanded to include e-learning as a method of delivery. Indeed, they conclude that the techniques to evaluate e-learning are the same as evaluating other training solutions. How do we measure the results of e-learning, whatever the delivery method? Using Kirkpatrick's classic model, any training – traditional or e-learning – can be evaluated at four progressive levels (Kirkpatrick 1979). *Level I: Reaction* is a measure of learners' reactions to the course. *Level II: Learning* is a measure of what they learned. *Level III: Transfer* is a measure of changes in their behaviour when they return to the job after the training program. *Level IV: Results* is a measure of the business outcomes that occur because they are doing their jobs differently. Phillips (1996) recommends the addition of a fifth level to Kirkpatrick's model where appropriate. The new Level V is a measure of the Return on Investment (ROI), the cost-benefit ratio of training. In this level, the Level IV data are converted to monetary values and then compared with the cost of the training program.

In spite of all the enthusiasm in corporate training programs for e-learning, an American Society of Training and Development (ASTD) study found that 67 percent of the training directors interviewed do not measure the effectiveness of their net-based programs at all (2000b). This study found that while 95 percent of surveyed organizations gauged trainees' reactions to courses (e.g., how well they liked the courses) [Level I measure], only three percent of respondents make a real effort to measure the business results of training programs [Level IV measure].

While it is still early to draw solid conclusions about measuring the effectiveness of actual learning that takes place as a result of e-learning – especially within corporate training programs

– we can analyze the somewhat controversial results that have come out of mainly academic distance learning programs, using Kirkpatrick's Four Levels of Evaluation.

Level I – REACTION

Evaluation at this level measures how the participants in a training program feel about their experience. Are they satisfied with what they learned? Do they regard the material as relevant to their work? Do they believe the material will be useful to them on the job? This level, therefore, does not measure learning; it simply measures how well the learners liked the training session.

How do Learners Feel? It is not hard to find learner enthusiasm for e-learning. The majority of 1,002 students who responded to an e-college.com survey said they chose the online format because of the flexibility and convenience of the program. Comments included: "I love that I have the flexibility to continue to hold a full time job." "To study any time that best suits my busy schedule." "I travel extensively." "I was able to work with my instructor, receive tremendous technical support at all hours of the night and gain the same quality content and evaluation as my peers taking the same class on campus." The survey reports that 75 percent of those students online were employed and 68 percent of the learners worked more than 30 hours per week (ecollege.com 1999). This fact makes this study particularly relevant for corporate trainers who seek to fit e-learning into an already demanding work schedule.

Corporations are beginning to gather more data on how their trainees feel about the use of e-learning technologies. For example, the following results were obtained from an ASTD-involving the experiences of more than 700 e-learners (ASTD 2001):

- Eighty-seven percent preferred to take digital courses during work hours.
- Fifty-two percent preferred e-learning in a workplace office area.
- Eighty-four percent would take a similar e-course if offered again.
- Thirty-eight percent said they generally preferred e-learning to classroom training.

How do e-Learning Instructors Feel?

This question is really an alternate application at Level I evaluation, examining the trainer rather than the trainee. For example, in a recent survey conducted by ecollege.com (1999), 85 percent of the faculty said their students learned equally effectively online as on campus. Some said their students did even better online than in traditional classroom settings. In another Tele Education study of 130 faculty respondents, 62 percent said their students learned equally effectively in the online environment; 23 percent of faculty stated that their students learned better online; while 90 percent indicated that they were satisfied with online teaching. One faculty comment was: "Online students participate more, perform slightly better than, and are at least as satisfied as their on campus counterparts. From that I conclude that online education appears to be very effective!" (Tele Education, 2000).

These are qualitative results – both from the learners and instructors – but what about quantitative results?

Level II – LEARNING

According to Kirkpatrick, learning is defined as the principles, facts, and techniques that are understood and absorbed by trainees. When trainers measure learning, they try to find out how much the skill, knowledge, or attitudes of their trainees have changed. Measuring learning requires a more rigorous process than a reaction survey. Ideally, both a pre test and post test are given to trainees to determine how much they learned as a direct result of the training program. While many organizations do not measure at this level, other corporate training centres, such as Sun Corporation's Network Academy, keep careful track of what employees have learned through the use of both pre tests and post tests (Bylinsky, 2000).

What do Research Studies Show About Level II E-Learning?

A comprehensive research bibliography on e-learning has received much attention. Compiled by Russell (1999), *The No Significant Difference Phenomenon* provides one of the most frequently quoted rationales for the power of e-learning. This body of research demonstrates that no significant difference can be found no matter what medium is used for learning. In many of these studies, the model is asynchronous learning delivered to the learner on demand. The findings demonstrate that even with no instructor or face-to-face interaction, there are no significant differences in the amount of content learned. A related website, supported by TeleEducation NB, New Brunswick, Canada, includes extracts from more than 355 research reports, summaries, and papers supporting the *No Significant Difference* phenomenon. This is one time that a finding of no significant differences is actually a compelling factor in favour of e-learning. If corporations can get *all* of the advantages of e-learning with the *same* level of results as an instructor-led classroom situation, then the economic advantage for e-learning becomes even stronger.

Wegner, Holloway, and Gorton (1999) provide an example of a study showing no significant differences between the test scores of experimental (e-learning) and traditional (classroom-based) students at Southwest Missouri State University. Although there were no statistically significant differences in test scores, this two-semester study yielded qualitative data that indicated that students in the e-learning group had, overall, more positive feelings about their experience than did the control group. This observation is consistent with those found in a number of the "no significant difference" studies.

However, it is becoming more common *not* to find the *same* level of results. While some studies show greater benefits in favour of face-to-face delivery, research results consistently demonstrate superior benefits of e-learning in general. In addition to higher performance results, there are other immediate benefits to students such as increased time on task, higher levels of motivation, and reduced test anxiety for many learners. Nettles, et al., (2000) report that, while the majority of the 49 studies they examined reported no significant difference between e-learning and traditional classroom education, nearly 30 percent of the studies report that e-learning programs had positive outcomes based on student preference, improved grades, higher cost effectiveness, and a higher percentage of homework completion.

An alternate website to the *No Significant Differences* one, also supported by Tele Education NB, features comparative studies that *do* show significant differences, most of which report positive results in favour of e-learning. For example, Maki, et al., (2000) evaluated a Web-based psychology course and reported that content knowledge, use of the WWW, and use of computers for academic purposes increased while computer anxiety decreased. Navarro and Shoemaker (1999) reported, "...we see that cyber learners performed significantly better than the traditional learners. Mean score [final exam] for the cyber learners was 11.3, while the mean score for traditional learners was 9.8. With a t-test statistic of 3.70, this result was statistically significant at the 99 percent level."

Along these same lines, a California State University Northridge study reported that e-learners performed 20 percent better than traditional learners (Tele Education 2000). Nelson (2001) reported a significant difference between the mean grades of 406 university students earned in traditional and distance education classes, where the distance learners outperformed the traditional learners. In a study within the insurance industry, Redding and Rotzien (1999) report that the online group is the "most successful at cognitive learning as measured by the end of course examinations... The results of the study do provide strong support for the conclusion that online instruction for individuals entering the insurance field is highly effective, and can be more effective than traditional classroom delivered instruction."

Similar results in support of e-learning came from Asynchronous Learning Networks (ALN) (2001), which reported a summary of empirical studies submitted to them. From the 15 papers in which the effectiveness of ALN was compared to that of traditional classroom instruction, two-thirds reported e-learning to be more effective. The remainder of the papers reported no significant difference.

As an extension of the more usual measures of Level II learning, Jonassen (2001) stressed the crucial need to develop critical thinking and other higher order skills among students using e-learning products. Earlier, Bates (1996) noted that: "the potential for developing higher order skills relevant to a knowledge-based society is a key driver in developing computer-based distance education courses." Examining how learners engage in higher order thinking is the topic of a research study at Massey University in New Zealand. White (1998) examined strategies of 420 foreign language learners at that university and reported that distance learners made greater use of Meta cognitive strategies – what individuals know about their own thinking – compared to classroom learners, most notably with regard to strategies of self-management and advance organization and, to a lesser extent, revision. In a study of the infusion of technology in education, Serrano and Alford (2000) conducted research that clearly showed that incorporating technology across the curriculum acts as a catalyst for all learners. They concluded that e-learning empowers students to engage actively in language-content learning tasks and to develop higher-order critical thinking, visualization, and literacy skills.

While developing critical thinking and other higher-order skills is undoubtedly a desirable goal in a purely academic setting, it may be less important in the areas of specialized job-related content delivery or skill-building associated with many types of corporate online training programs. This is yet another evaluation issue that needs to be addressed in this arena.

Level III—BEHAVIOUR

Even well informed, quantitative learning objectives do not typically indicate how the trainee will transfer that learning to job performance. Changed on-the-job behaviour is certainly the main goal of most corporate training programs, but measuring this change is a more complex task than eliciting trainees' feelings or measuring their direct learning through test scores. In a number of studies included here, there is an assumed connection between measures of behavioural change and the hoped for consequence: solid business results (Level IV), although in most cases, empirical measurement is lacking.

In their overview of the evaluation process, Bregman and Jacobson (2000) discuss the need to measure business results rather than just evaluate trainee test results. They point out that all important business results affect customer satisfaction, either directly or indirectly. Business results that may increase efficiency or help short-term profits – but do not increase customer satisfaction – are obviously bad for business. These authors claim that changes in customer satisfaction due to training of sales or service personnel are easy to measure by asking the customers of the trainees to compile reaction surveys. Generally, reaction sheets for customers get high response rates; therefore, a valid connection between the effects of training on the employee and how the customer feels about that employee can be made. Bregman and Jacobson summarize that a training program succeeds, by definition, when the training changes employees' behaviours in ways that matter to their customers.

Unilever claims that e-learning helped their sales staff produce more than US$20 million in additional sales (Hoekstra, 2001) – Level IV evaluation. They track the results of their e-training programs by asking course participants to take part in a teleconference several months after the course. Participants are asked to discuss how they have integrated their new skills into their work and to share their best practices – Level III evaluation. Uniacke, the person in charge of Unilever's training program, points out that many results of e-training programs are difficult to measure. For example, he is convinced many employees do not learn new material, but rather they polish their overall skills and customer interaction techniques – still a significant benefit to the company and its overall bottom line.

As a number of authors have pointed out, it seems that traditional trainers incorporate the first three levels routinely in the design of training programs (e.g., see Boverie, Mulcahy, and Zondlo, 1994). In a more recent report on e-learning evaluation, Hall and LeCavalier (2000) make a strong case for focusing on Level III with job performance-based measures. Their research study of eleven U.S. and foreign companies helped them identify best practices within these companies, which have significant e-learning success stories. They conclude that the most promising strategy for many companies is to focus on Level III to find out what is really effective within e-learning programs.

Level IV – RESULTS

Level IV evaluation attempts to measure the results of training as it directly affects a company's bottom line – a challenging task for many reasons. Kirkpatrick (1999) noted that the number of variables and complicating factors make it difficult, if not impossible, to evaluate the direct impact of training on a business' bottom line – and this is just as true for e-learning as for traditional training programs.

While reduced costs, higher quality, increased production, and lower rates of employee turnover and absenteeism are the desired results of training programs, most companies do not address this complex evaluation process. However, some companies strive to make the difficult link between training and improved business results.

Some firms are beginning to measure e-learning results for their sales force in terms of increased sales, as in the Unilever case. In another example, Etera, a nursery supply company, uses e-learning to train its national sales force. Their headquarters claims that an Etera-certified dealer who has gone through the online training has 170 percent more sales than an untrained dealer (Zimmerman, 2001).

In a different approach to business results, Bassi's research (2001) demonstrates that investment in training add to the value of a company's shares – a high priority for corporations – and she claims that there is added value regardless of overall market conditions.

Level V – ROI

To use Phillips' ROI calculation as an added level to Kirkpatrick's model requires a lengthy and complex evaluation and calculation process. Using Level IV evaluation data, the results are converted into monetary values and then compared with the cost of the training program to obtain a return on investment.

Phillips (1996) summarizes how Magnavox Electronics Systems Company derives its ROI calculations as it evaluates all five levels of its 18-week literacy program, which covers verbal and math skills for employees. While this is not an e-learning program, it does demonstrate the process of moving through the levels of evaluation, a process that would be equally applicable for the use of e-learning as the delivery method for training content.

- Level 1: Reaction was measured by surveys given after the course was completed
- Level 2: Learning was measured using the Test of Adult Basic Education
- Level 3: Behavioural changes were measured using daily efficiency ratings
- Level 4: Business results were measured through improvements in productivity and reductions in scrap and rework

- Level 5: ROI was calculated by converting productivity and quality improvements to monetary values

ECONOMIC BENEFIT OF CORPORATE E-LEARNING:

Hall and LeCavalier (2000b) summarized some firms' economic savings as a result of converting their traditional training delivery methods to e-learning. IBM saved US $200 million in 1999, providing five times the learning at one-third the cost of their previous methods. Using a blend of Web-based (80 percent) and classroom (20 percent) instruction, Ernst and Young reduced training costs by 35 percent while improving consistency and scalability. Rockwell Collins reduced training expenditures by 40 percent with only a 25 percent conversion rate to Web-based training. Many other success stories exist. However, it is also true that some firms that have spent large amounts of money on new e-learning efforts have not received the desired economic advantages. In addition to generally positive economic benefits, other advantages such as convenience, standardized delivery, self-paced learning, and variety of available content, have made e-learning a high priority for many corporations. Much of the discussion about implementing e-learning has focused on the technology, but as Driscoll (2001b) and others have reminded us, e-learning is not just about the technology, but also many human factors.

There is no doubt that corporations are increasing their emphasis on e-learning. Forrester, an independent research firm that helps companies assess the effect of technology change on their operations, interviewed training managers at 40 Global 2500 companies and found that all but one of them already had online initiatives in place (Dalton 2000). A survey of 500 training directors (*Online Learning News*, 2001a) clearly shows the new priorities:

- Sixty percent had an e-learning initiative
- Eight-six percent had a priority of converting current instructor-led sessions to e-learning
- Eighty percent will set up or expand knowledge-management programs
- Seventy-eight percent were developing or enhancing electronic performance support

ASTD (2002), in its *State of the Industry Report*, noted that the year 2000 marked a new era of growth for e-learning. The events of September 11, 2001, have only accelerated this growth as organizations cut back on business travel, improve their security, and increase their e-learning efforts.

There is always a focus on the fiscal bottom line in corporate training; the comparatively low costs of e-learning are attractive. Even so, more corporations are looking at such options as blended learning, using more than one method of delivery (e.g., e-learning plus traditional classroom delivery of content, to increase training effectiveness), even if it raises costs. However, Clark (in *Online Learning News* 2001b) points out that many training managers are not sure how to find the optimal blend for their corporate training programs. He feels they are making decisions based on programs they are familiar with rather than on concrete information about which programs actually produce effective results.Barron (2001) observes that learning technology providers have been increasingly able to "demonstrate cost-savings and broader benefits, develop integrated offerings, and propose innovative ways of applying e-learning." However, how do training managers decide which educational products and which learning technology providers actually produce effective results? How do they balance product quality with training costs? As the new corporate adage goes: "Wise training managers realize the bitterness of poor quality remains long after the sweetness of low price has been forgotten." To justify making decisions about training programs independently of training cost considerations, managers need concrete measures of program effectiveness. While there is no doubt that we see an increasing number of case studies showing success with e-learning, it is still difficult to find solid research measures of learner achievement in the specialized setting of a corporate training program.

In all of the studies being conducted, how systematically are e-learning results being analyzed and are the appropriate correlations being made? When corporations measure e-learning results, are they measuring the right elements? Even when the results are positive in favor of e-learning, are we obtaining and/or measuring quality learning in areas that matter?

In this very new research field, there are challenges to results on both sides of the issue. Joy and Garcia (2000) warned that many of the earlier studies lack scientific validity because the research designs are seriously flawed. This makes many of those results questionable. They point out that if researchers do not carefully control for the most likely factors explaining the variance in student achievement, one may not find significant differences between experimental and control groups. Joy and Garcia also stress another crucial point – namely, that it is extremely difficult to develop a solid scientific method for comparing the various delivery methods. They point out that even if a legitimate scientific model could be designed to properly control for each independent variable, its usefulness for predicting learning outcomes would, in all likelihood, be extremely limited. This implies that the researcher would have to impose artificial controls to produce true empirical results. In another careful look at previous research, Saba (2000) noted the fact that many of the original studies, while experimental in nature, were not grounded in a theoretical framework. The researchers simply carried out their experiments in which they compared distance learning with traditional classroom content delivery and reported the statistical results. Perraton (2000) agrees and adds that most previous studies have been in the areas of course or program description, audience analysis, cost-effectiveness, methodology, and social context.

Furthermore, Saba reports that a few researchers frame their studies with increasing attention to methodological issues within the framework of the appropriate theoretical foundations. He cites several researchers – such as Smith and Dillon (1999), Cookson and Chang (1995), Gunawardena and Zittle (1997), and Sherry, Fulford, and Zhang (1998) – as those who not only grounded their studies on theoretical foundations in the field of distance learning, but also used new methods of inquiry, such as discourse analysis and in-depth interviews, to obtain more meaningful learner results.

Saba goes further to point out that analysis of such studies has continued to reveal just how complex the study of distance education is because of the many variables involved in any instructional setting plus other elements such as social, economic, and global issues affecting the field. For the corporate training arena, Bregman and Jacobson (2000) note that the additional desired outcome of positive business results is notoriously difficult to measure because of the following factors:

- Conducting a rigorous evaluation can be expensive and time-consuming.
- Isolating a direct cause-and-effect relationship between training programs and a business' bottom line is difficult.
- Determining the appropriate outcomes to measure is challenging.

With these caveats about research results in the field of e-learning, how do we arrive at accurate results?

CONTENT QUALITY MEASURES:

One way to obtain meaningful results is to design more effective assessment methods. According to Driscoll (2001a) "Assessments are the foundation of effective instructional practices and return-on-investment studies. The power of tests and assessments will become exponentially more important with the advent of content management systems and learning management systems." Indeed, data from assessments should help drive the development of solid content and advanced instructional practices.

As Moore (1999) noted: "One of the few generalizations that can be made about any distance education program – whatever the communications media used and the content level – is that a good monitoring and evaluation system is likely to lead to a successful program, and a poor system is almost certain to lead to failure." Moore describes the three key features of a good system as follows:

1. The preliminary specification of good learning objectives, with this crucial question at the heart: Did each student produce evidence of having learned what was required as specified in the learning objectives? If not, why not?

2. The construction and handling of assignments, which are the students' evidence of learning and an important source of feedback for the program.

3. A good data gathering and reporting system and a solid review of all of the data by both instructors and program administrators.

Another way of approaching the attempt to guarantee better results in e-learning programs is to look at content quality measures, i.e., the quality of the online education product itself. The National Education Association and Blackboard Inc. examined case studies of six higher education institutions that provide Internet-based degree programs. Their purpose was to ascertain the degree to which various measures of quality identified in previous studies were actually being incorporated into the policies, procedures, and practices of institutions that have distance education learners. The result was a list of twenty-four benchmarks that they deemed essential to ensuring quality in Internet-based education. These benchmarks were grouped under the categories of institutional support, course development, teaching/learning, course structure, student support, faculty support, and evaluation and assessment (The Institute for Higher Education Policy, 2000).A new e-learning evaluation method is also gaining support in Canada (ASTD, 2000a). The guidelines, presented in *Quality Standards for Evaluating Multimedia and*

Online Training, have been endorsed by the Canadian government and the Ontario Society of Training and Development. Their model evaluation process was tested at twenty organizations. They first determined an e-learning course's relevance toward an organization's needs, followed by analysis of content quality, usability, and instructional design methodology. According to their developer, Lynette Gillis (in ASTD, 2000a), these guidelines provide a robust and comprehensive set of quality criteria that have been shaped by experts in the field of distance education.

Another effort to address issues pertaining to competences and standards for teachers who design and deliver online courses came from an international conference of the Center for Studies in Advanced Learning Technology (CSALT) and the International Board of Standards of Training, Performance, and Instruction. As a result of this meeting, an initial set of competences and performance statements has been formulated and refined (Spector, Ganesan, Goodyear, and de la Teja, 2001).

CONCLUSION:

In the area of e-learning for corporate training, as with university based e-learning, some fundamental questions remain. Burnside (2001) summarized these questions as follows:

1. How does learning actually occur in the human being, individually, in groups, and in organizations?
2. How do we increase students' capacity for learning?
3. What evidence do we have of the benefits of increased capacity for learning?
4. In what ways can we communicate this effectively in every educational act that we do?

Certainly, those involved in e-learning evaluation must continue to examine evaluation strategies. In addition to Kirkpatrick's classic four-level model and Phillip's additional fifth level, a number of alternate evaluation measures are emerging. For example, Holton (1996) recommends an alternative to Kirkpatrick's model. In his model, the impact of intervening variables such as motivation, trainability, job attitudes, and personal characteristics are considered. Other literature from the traditional training literature is also valuable. For example, Todesco (1997), of The Research Centre, interprets evaluation trends and best practices. Abernathy (2001) challenges us to think outside the evaluation box.

While few people debate the obvious advantages of e-learning, systematic research is needed to confirm that learners are actually acquiring and using the skills that are being taught online, and that e-learning is the best way to achieve the outcomes in a corporate environment. This research must be grounded in solid theoretical precepts to assure that meaningful results are obtained.

Until a more solid research methodology is developed for measuring e-learning results, we can rely on the mainly qualitative feedback from corporations that are using e-learning to deliver their training. Firms praise online training as a cost-effective, convenient, and effective way to deliver corporate education. Early studies seem to demonstrate that e-language-learning in business is a win-win proposition for all – the learner, the corporation, and the customers served by the corporation.

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4D International Journal of Management and Science
ISSN No: 2250-0669
@4D Crossconnect.com, Inc, 2012
www.4dinternationaljournal.com
Vol. 2, Issue 2, 2012

ANALYSIS OF FINANCIAL DERIVATIVES MARKET POTENTIALS

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ABSTRACT

Derivatives are among the forefront of the innovations in the financial markets and aim to increase returns and reduce risk. They provide an outlet for investors to protect themselves from the vagaries of the financial markets. These instruments have been very popular with investors all over the world. Indian financial markets have been on the ascension and catching up with global standards in financial markets. The advent of screen based trading, dematerialization, rolling settlement has put our markets on par with international markets.

The effect of risk transfer on the monetary policy transmission mechanism is significant as evidenced from research particularly in the US markets. It has been found that it reduces the impact of the monetary transmission effect as the importance of interest rates reduces and the availability of liquidity and credit volumes become determining factors. There is a great deal of *uncertainty about how critical variables – including credit aggregates, consumption, fixed investment, and inflation – will behave under the new scenario.*

Keywords: *Financial Market, Cash Market, Credit Aggregates, Derivative Market, Dematerialization, Monetary Policy.*

OBJECTIVE OF THE STUDY:

1. To study the Indian investor confidence in the derivative market of India.

2. To compare the size of the market with the Asia- Pacific countries in monetary terms.

3. To study the regulatory framework for the financial derivative market.

4. To understand the areas where derivative market can be used.

RESEARCH METHODOLOGY

Primary Data

Descriptive research with survey method through questionnaire. Sample size: 100 individuals across the Chandigarh region.

Secondary Data: Management Journals (Journal of Finance, Journal of Marketing, Journal of Statistics) Official Website of NSE and SEBI and Print Articles.

Statistical techniques

MS- EXCEL and SPSS v16.0: **Frequency table, Descriptive Statistics.**

DATA ANALYSIS AND INTERPRETATION

Objective 1: investor confidence

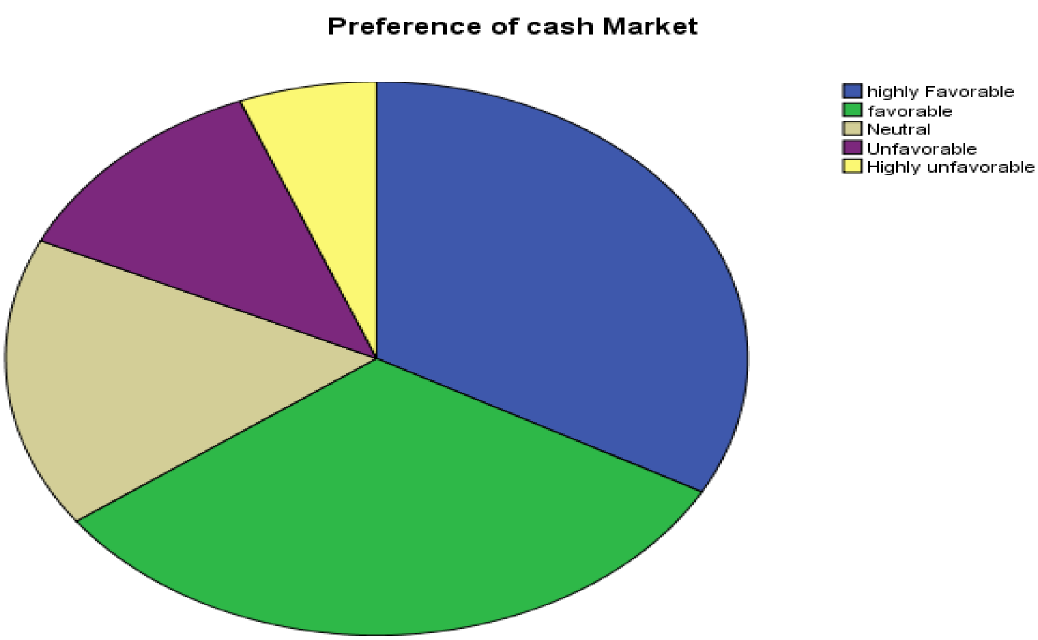
1. Preference for the market: Cash market, futures, options and commodities

Table 1 Frequency table: Preference of cash Market

	Frequency	Percent	Valid Percent	Cumulative Percent

Valid	highly Favorable	33	33.0	33.0	33.0
	Favorable	32	32.0	32.0	65.0
	Neutral	17	17.0	17.0	82.0
	Unfavorable	12	12.0	12.0	94.0
	Highly unfavorable	6	6.0	6.0	100.0
	Total	100	100.0	100.0	

Chart 1: Preference of cash markets

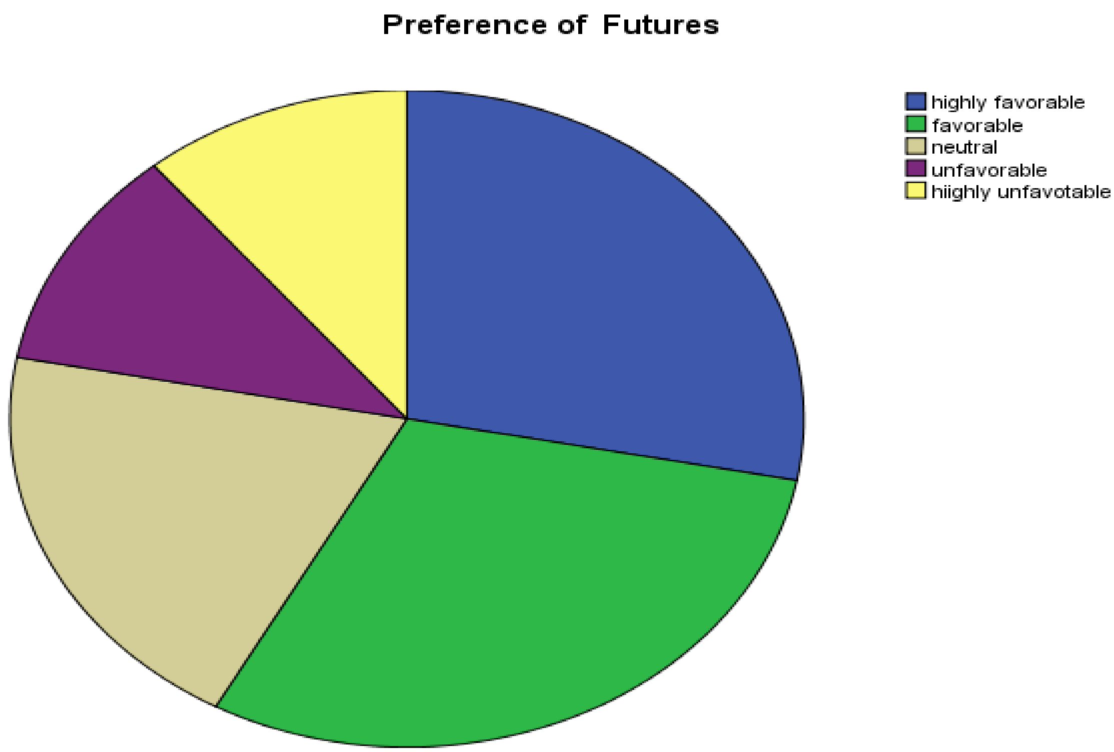


33 percent of all respondents consider cash market highly favorable. Another 32 percent consider it favorable to invest in the market. 17 percent of the respondents have neutral attitude of them.18 percent of the individuals have a negative bias for the Cash Market. The high preference of the cash market can be attributed to the traditional mentality of the Indian population as they prefer the more tried and tested areas for investing.

Table 2 Frequency table: Preference of Futures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	highly favorable	28	28.0	28.0	28.0
	Favorable	30	30.0	30.0	58.0
	Neutral	20	20.0	20.0	78.0
	Unfavorable	11	11.0	11.0	89.0
	highly unfavorable	11	11.0	11.0	100.0
	Total	100	100.0	100.0	

Chart 2: Preference of futures



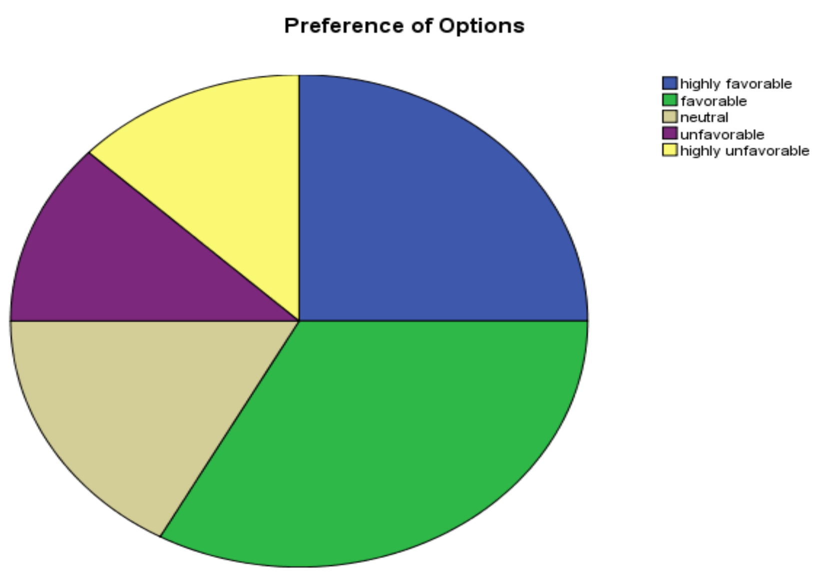
58 percent of individuals are having favorable preference for investing in futures. Another 20 percent of the individuals are neutral towards investing in the futures. A very high number of 22 percent of the total respondents are unfavorable for investing in futures. The figures can be directly attributed to the traditional mindset of the individuals.

Table 3 Frequency table: Preference of Options

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	highly favorable	25	25.0	25.0	25.0
	Favorable	33	33.0	33.0	58.0

	Neutral	17	17.0	17.0	75.0
	unfavorable	12	12.0	12.0	87.0
	highly unfavorable	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

Chart 3: Prefernce of options



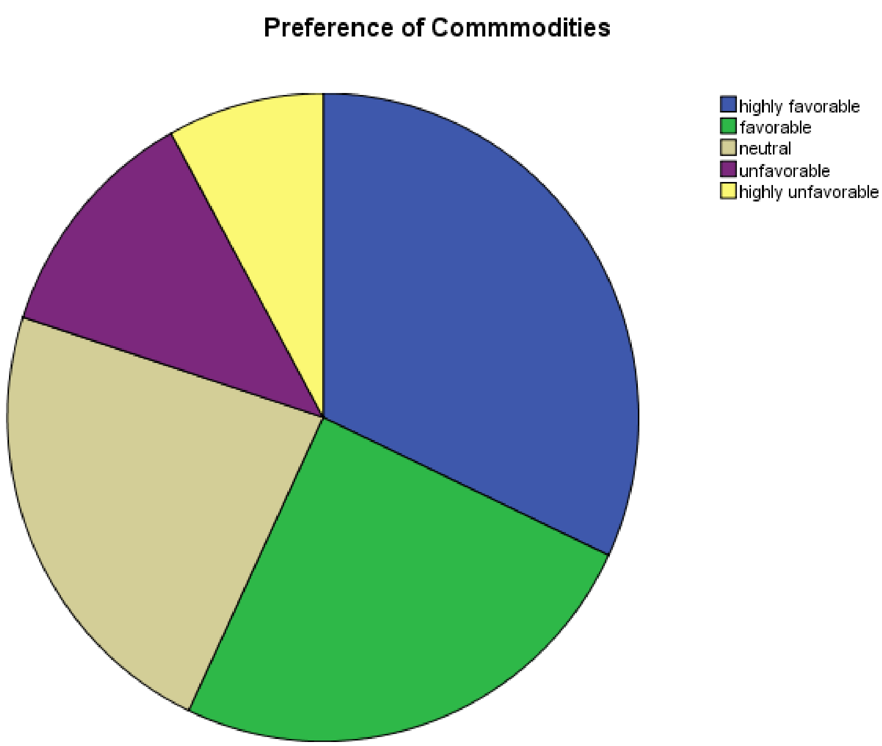
25 percent of the respondents favor highly investing in the options. 33 percent considers it a favorable avenue for the investment. While as high as 25 percent of all the respondents are of a negative view to the investment in Options.

Table 4 Frequency table: Preference of Commmodities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	highly favorable	32	32.0	32.0	32.0

Favorable	25	25.0	25.0	57.0
Neutral	23	23.0	23.0	80.0
Unfavorable	12	12.0	12.0	92.0
highly unfavorable	8	8.0	8.0	100.0
Total	100	100.0	100.0	

Chart 4



20 percent of the individuals have a negative view in investing in the commodities. A very high number of individuals amounting to 57 percent of the total respondents actually prefer investing in Commodities. Another 25 percent of individuals are actually neutral towards investment in

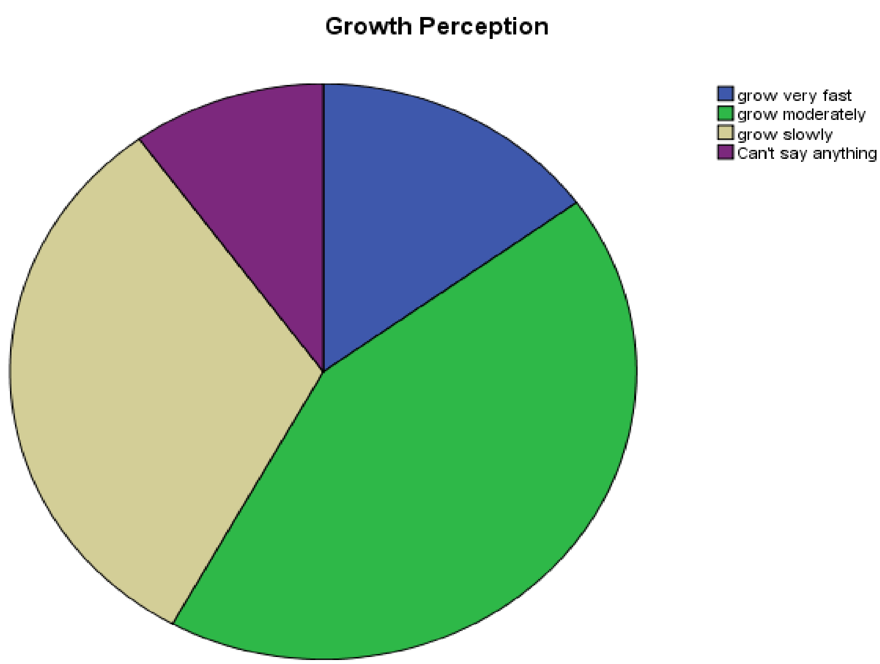
Commodities. It fairs better than the options and the future markets due to the fact that this market is comparatively older than the market of Futures and Operations.

Growth Perception towards the derivative market

Table 5 Growth Perception

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	grow very fast	15	15.0	15.0	15.0
	grow moderately	43	43.0	43.0	58.0
	grow slowly	32	32.0	32.0	90.0
	Can't say anything	10	10.0	10.0	100.0
	Total	100	100.0	100.0	

Chart 5: Growth of perception



More than 40 percent of the individual respondents are of the view that the derivative market will grow moderately over a period of time. At the same time 32 per cent believes that it will grow slowly. 15 percent of all the individuals consider it highly favorable. About 10 percent of the individuals do not have any opinion regarding the growth perception of the derivative market.

1.1.2. Ways of reducing the risk in the derivative market

Frequency table 6:Overcoming risk

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	financial experts	33	33.0	33.0	33.0
	news paper	44	44.0	44.0	77.0
	Friends	14	14.0	14.0	91.0

Others	9	9.0	9.0	100.0
Total	100	100.0	100.0	

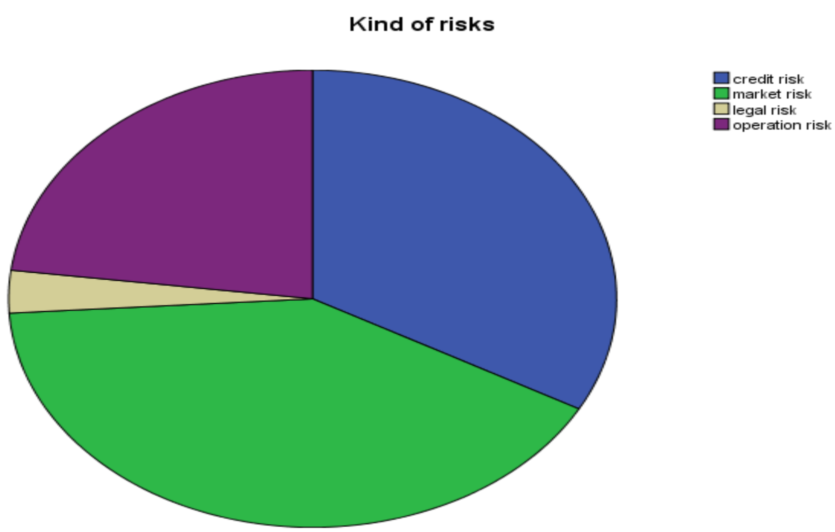
33 percent of respondents use the advice of financial experts to decide the ways to mitigate the risks associated with the derivative markets. At the same time about 44 percent uses the information available through the newspapers. The remaining 23 percent of individuals use friends and other sources to mitigate the risks. This can be attributed to the fact that the newspaper are easy to read and can be read at any point of day.

Frequency table 7:Kind of risks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	credit risk	33	33.0	33.0	33.0
	market risk	41	41.0	41.0	74.0
	legal risk	3	3.0	3.0	77.0
	operation risk	23	23.0	23.0	100.0
	Total	100	100.0	100.0	

1.1.4.Risks associated with the derivative market

Chart 6: kind of risks



Many respondents are affected by the risk associated with the derivative market. 41 percent consider the risk associated due to market as the most significant risk. As high as 33 percent of respondents are consider the risk associated with the credit as the most significant. 24 percent of the respondents consider the operation risks as the most significant risk involved. A very limited number of individuals which is as low as 2 percent are affected by the legal risk associated with the market. This can be attributed to the fact that not many are aware of the various legislations in the Indian Markets as they are still in the nascent stages.

1.1.5.The factors affecting the investment decision of the individual

Frequency table 8: Factor for Investment decision

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Increase in wealth	22	22.0	22.0	22.0
	steady growth	24	24.0	24.0	46.0
	monthly income generated	25	25.0	25.0	71.0
	Safety	29	29.0	29.0	100.0
	Total	100	100.0	100.0	

All the aspects are considered equally important by the respondents. For the respondents, all the factors i.e, increase in wealth, steady growth, monthly income and safety of their investment are more or less equally important while considering the investment decision.

1.1.6. Advantage of derivative

Frequency table 9: advantage for derivatives

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Speculation	20	20.0	20.0	20.0
	Arbitrage	17	17.0	17.0	37.0
	Hedging	40	40.0	40.0	77.0
	reduction of costs	23	23.0	23.0	100.0
	Total	100	100.0	100.0	

40 percent of the respondents consider hedging as the most important advantage in the derivative market. While all the other factors such as speculation, arbitrage and reduction of costs. The importance of hedging can be best understood due to the fact that it single handedly lead to the Sub Prime Mortgage Crisis leading to enormous losses.

1.1.7.Area of participation in the derivative market indexes

Frequency table 10Area for participation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	stock index futures	31	31.0	31.0	31.0
	stock index options	30	30.0	30.0	61.0

futures on individual stock	21	21.0	21.0	82.0
options of individual stock	18	18.0	18.0	100.0
Total	100	100.0	100.0	

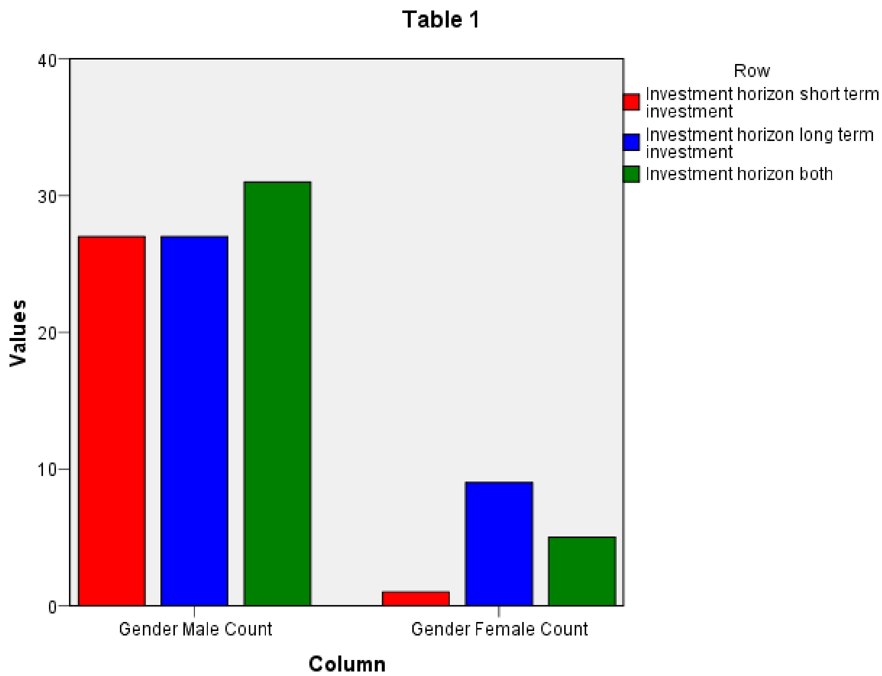
Stock Index futures are the most favored index in the stock market.31 percent of the respondents favor investment in this category. Investment in Indexes is more preferred than investment in individual stock derivatives. This can be attributed to the fact that it reduces the risk associated with the individual stock is much higher than in case of index.

1.1.8. Relationship with the gender while deciding the investment horizon

Frequency table.11: Relationship with investment horizon

		Gender	
		Male	Female
		Count	Count
Investment horizon	short term investment	27	1
	long term investment	27	9
	Both	31	5

Chart 7: Investment horizon comparison according to gender



During the survey 85 males and 15 females were surveyed. With regards to female respondents as high as 14 of the 15 respondents are of the view to invest in long term or a mix of short term and a long term. In the case of male this ratio is considerably low. 27 of the 85 male respondents are interested in the short term horizon for the investment.

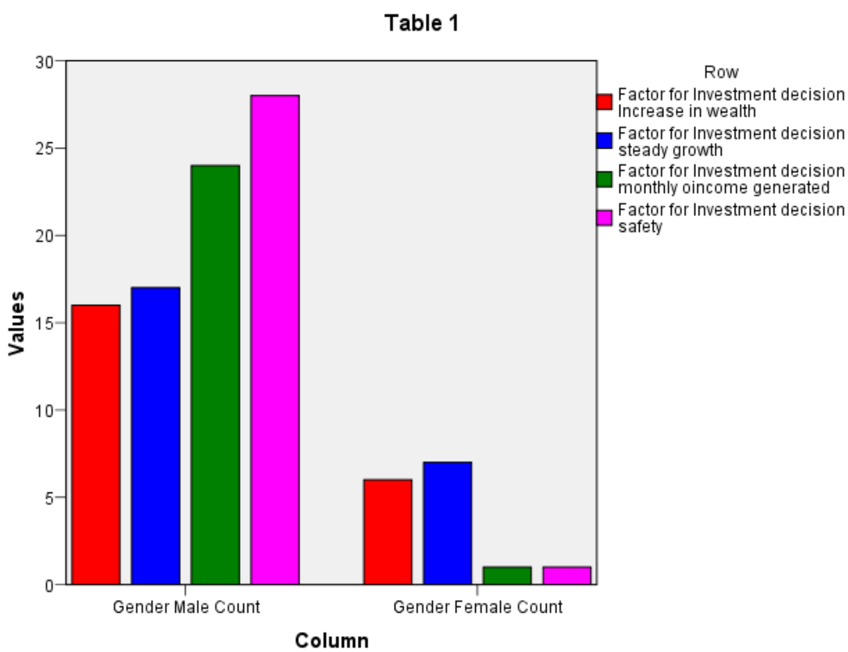
1.1.9. Relationship of gender and factor for investment decision making

Table 12: Factors for investment decision making

	Gender	
	Male	Female
	Count	Count

Factor for Investment decision	Increase in wealth	16	6
	steady growth	17	7
	monthly income generated	24	1
	Safety	28	1

Chart 8: reasons for investment decision



In this segment too there is very large number of women preferring rise in income and steady growth as the primary factors for investing. About 13 of the 15 women have described it as the most important factors. On the other hand men are much more concerned about the safety of the investment and the monthly income generated. The preference of men can be attributed to the fact that in India they are the chief bread earners and hence monthly income generated and safety of the investment are primary to them.

1.1.10. Relationship with the annual income of the respondents with area of participation

Frequency table 13: Annual income and area of participation

		Annual income			
		Below 100000	100000-500000	500000-1000000	Above 1000000
		Count	Count	Count	Count
Area for participation	stock index futures	2	18	5	6
	stock indian options	2	26	0	2
	futures on individual stock	0	12	7	2
	options of individual stock	1	14	3	0

Here respondents with 100000-500000 favor most the stock on Indian Options. While in cumulative Stock Index Futures and Stock Indian options are equally favored. Respondents in the 500000-1000000 category favor future on individual stock, as high as 60 percent in this category are interested in investing in stock index futures. Futures invariably enjoy more representation here as compare to Options.

1.1.11. Relationship of income and factor for investment

Respondents with the Below 100000 category favors highly the monthly income generated as the reason for investment, 80 percent of these respondents favored this category. However for individuals with a worth of more than 1000000 favor highly the safety of their investment while taking investment decisions. Also in the aspirer group of respondents in the income group of

500000-1000000 favor highly the growth in the income of their investment. This can be quiet easily understood as they are the individuals who seem to have the most chances of growing income over a period of time.

1.1.12.Relationship with annual income and growth perception

Frequency Table 15 : growth perception

		Annual income			
		Below 100000	100000-500000	500000-1000000	Above 1000000
		Count	Count	Count	Count
Growth Perception	grow very fast	0	14	1	0
	grow moderately	4	25	8	6
	grow slowly	1	24	3	4
	Can't say anything	0	7	3	0

Individuals in the net worth category of 100000-500000 account for 14 of the 15 respondents in favor of growth perception of growing very fast. In the rest of the categories more or less equal weightage is being given to all the growth perception according to the income.

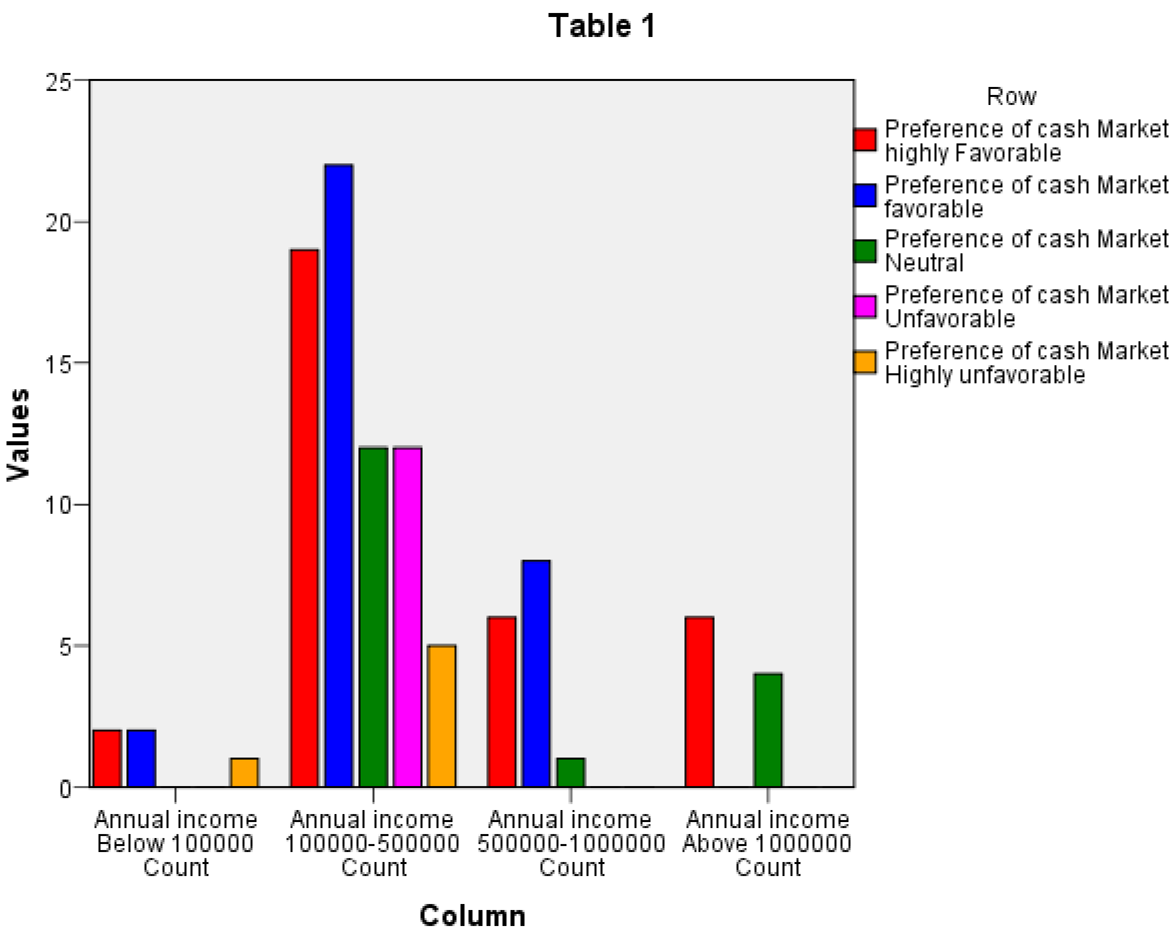
1.1.13.Relationship of annual income and preference for the markets

Frequency table 16: Preference for the market

		Annual income			
		Below 100000	100000-500000	500000-1000000	Above 1000000
		Count	Count	Count	Count
Preference of cash Market	highly Favorable	2	19	6	6
	favorable	2	22	8	0
	Neutral	0	12	1	4
	Unfavorable	0	12	0	0
	Highly unfavorable	1	5	0	0
Preference of Futures	highly favorable	2	12	8	6
	favorable	0	27	3	0
	Neutral	2	14	0	4
	unfavorable	1	6	4	0
	highly unfavorable	0	11	0	0
Preference of Options	highly favorable	2	12	5	6
	favorable	2	26	5	0
	Neutral	0	14	3	0

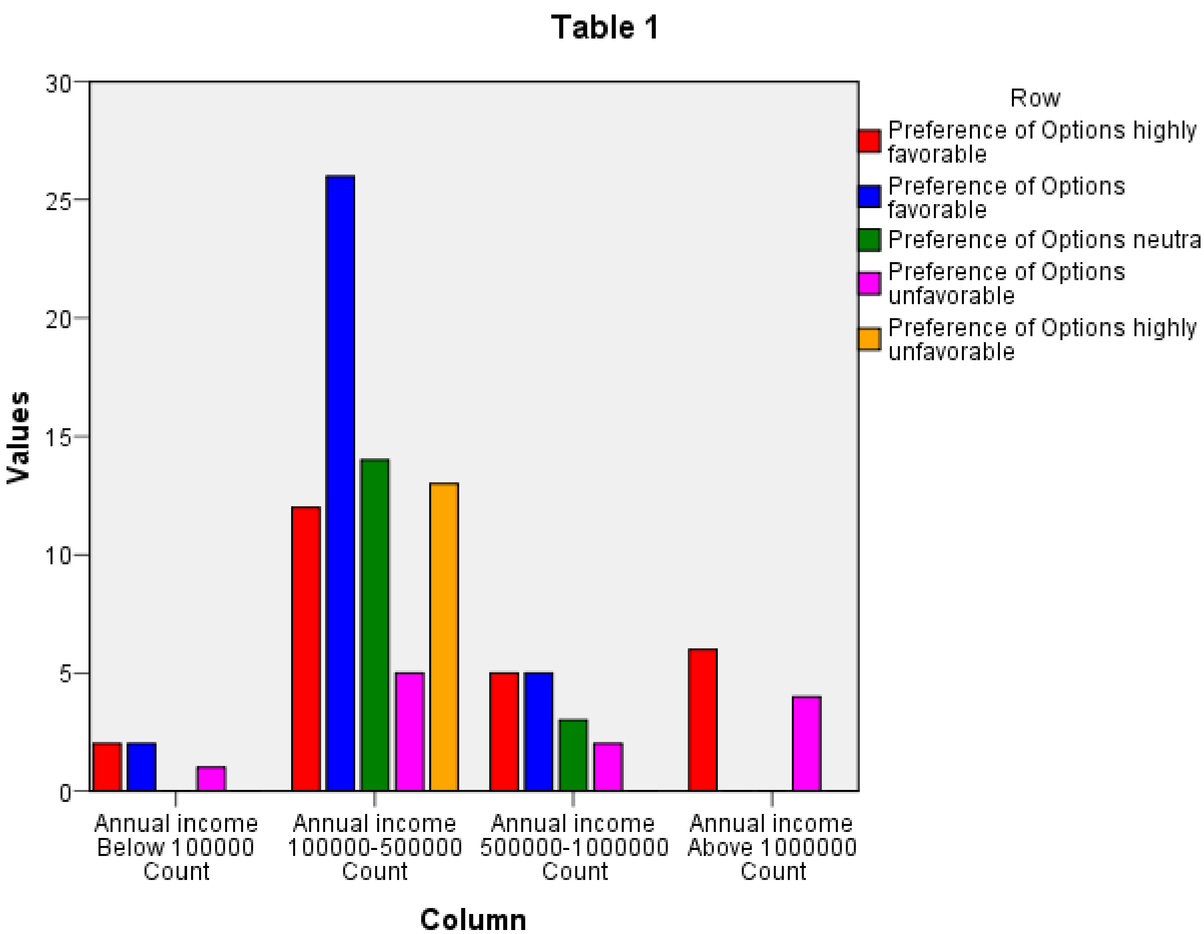
	unfavorable	1	5	2	4
	highly unfavorable	0	13	0	0
Preference of Commodities	highly favorable	2	13	7	10
	favorable	0	20	5	0
	Neutral	2	20	1	0
	unfavorable	1	9	2	0
	highly unfavorable	0	8	0	0

Chart 9: Cash Market



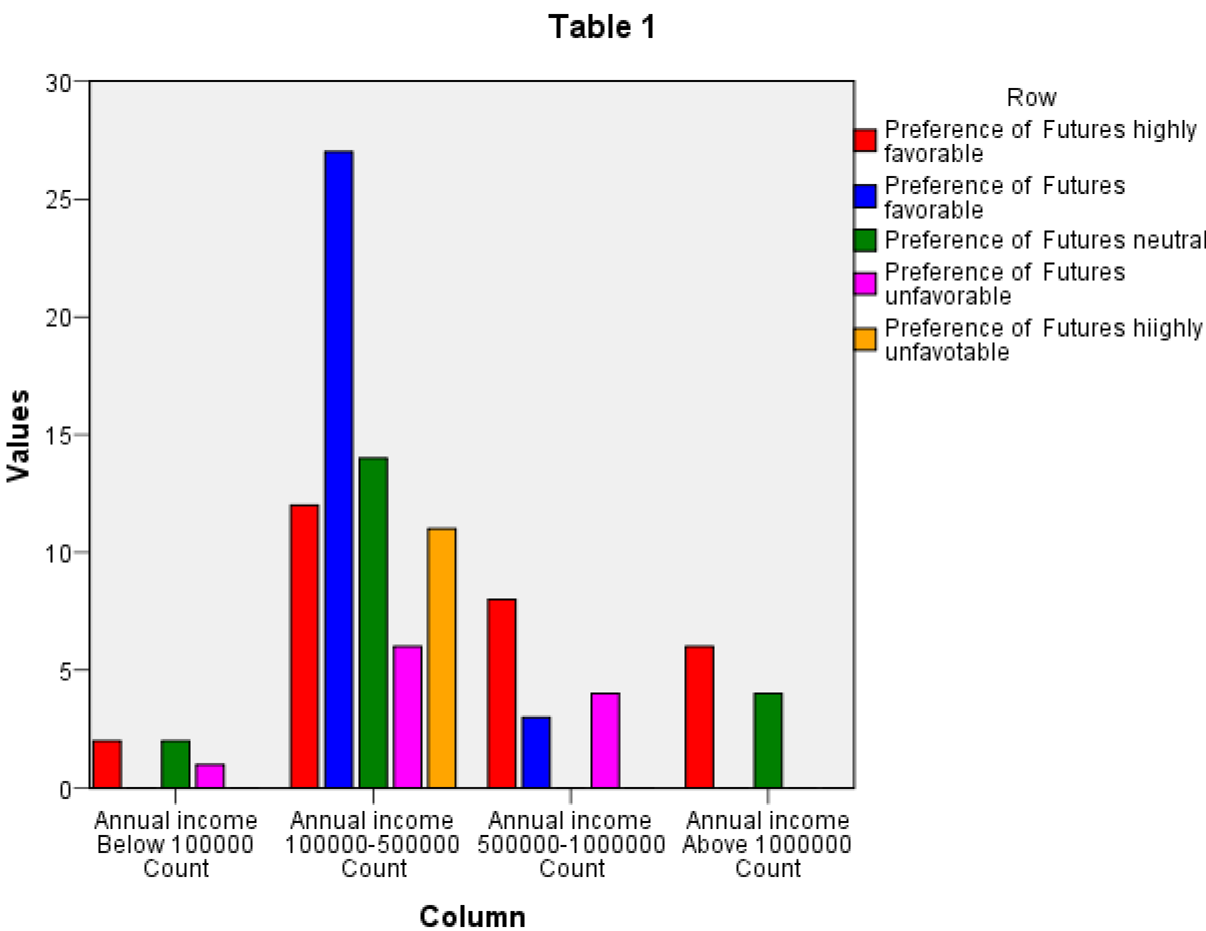
Respondents with annual income between 100000-500000 and 500000-1000000 considers the cash market as a favorable area of investment. The respondents in the category of 500000-1000000 and above 1000000 of annual income has more favorable outlook towards investing in the cash market. None of the respondents in this category has actually given a negative outlook towards investment in the cash market.

Chart 9 : Options



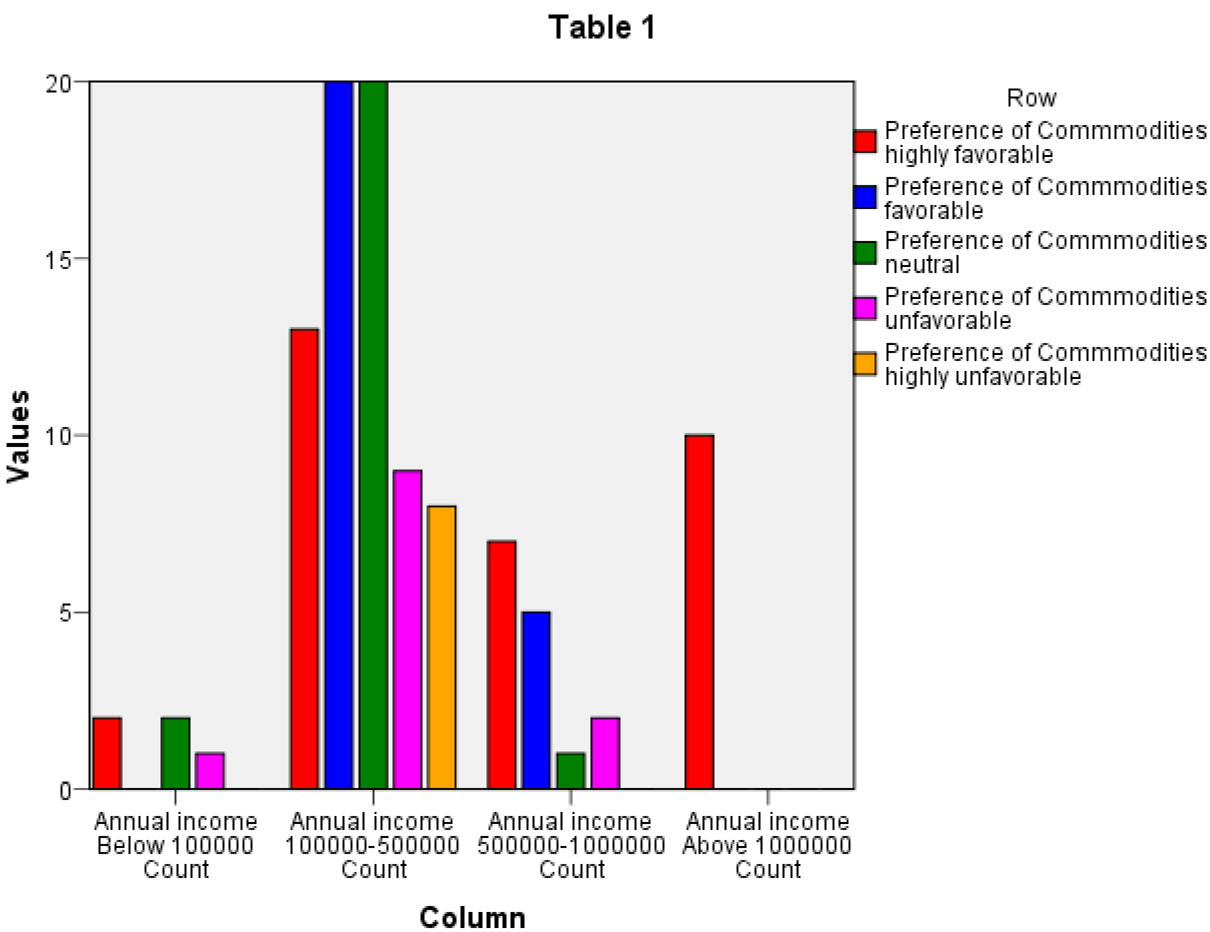
Individuals in the income category of 100000-500000 favor most the option of investment in the options market. Only individuals in this category have a very highly unfavorable response towards the option market. All the 13 responses have come from the respondents in this category.

Chart 10: Futures



Here the respondents in the category of 100000-500000 have a favorable attitude towards investment in the Futures market. At the same time only individuals in this very category have a highly unfavorable response against them. Here too as in the case with options all the highly unfavorable respondents are from the annual income category of 100000-500000.

Chart 11: Commodities



Here all the respondents in the annual income group of above 1000000 have a very highly favorable attitude towards investment in commodities. The individuals within the bracket of 100000-500000 are the only individuals having a highly unfavorable attitude towards investing in the commodities market.

1.1.13. Investment horizon of the individual and in comparison with annual Income

Frequency table 17: Investment horizon

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	short term investment	28	28.0	28.0	28.0
	long term investment	36	36.0	36.0	64.0
	Both	36	36.0	36.0	100.0
	Total	100	100.0	100.0	

36 percent of the respondents consider long term investment as their investment horizon. Another 36 percent of the respondents have a mix tendency for the investment horizon. This can be attributed to the fact that India is more traditional economy and hence a long term investment portfolio.

Frequency table.18: Annual income in relation with investment horizon

		Annual income			
		Below 100000	100000-500000	500000-1000000	Above 1000000
		Count	Count	Count	Count
Investment horizon	short term investment	3	18	3	4

	long term investment	0	27	7	2
	Both	2	25	5	4

About 50 percent respondents having annual income 500000-1000000 secure for long term investment. The respondents highly prefer the investment in the long term investment.

FINDINGS AND RESULTS:

1. Most of the respondents (52%) are of the age group 20-30.
2. Majority of the respondents (85%) are male.
3. Most of the respondents (70%) are having an Income level of 1-5lacs followed by respondents having income level 5-10 lacs.
4. Most of the respondents (44%) are influenced by newspapers followed by financial experts.
5. Most of them (33%) are highly favorable towards the cash market.
6. Most of them (28%) are highly favorable towards the Futures market.
7. Most of them (25%) are favorable towards the Options market.
8. Most of them (32%) stayed favorable towards the Commodities market.
9. Majority of the respondents (36%) wanted to invest in long term funds followed by both short term and long term funds.
10. Respondents perceived that Market Risk and Credit risk are the two major risk observed in capital markets.
11. All of the respondents wanted to minimize their risk involved in the capital market.
12. Most of the respondents (44%) said that News Papers and Financial Experts(33%) help them to minimize their risk.
13. From Correlation test , it is found there exist a negative correlation between the income percentage on investment and the participation in derivative market
14. Investment in commodities is highly preferred by the income group of Above 1000000.
15. All the highly unfavorable respondents for Options and Future are from the income group 100000-500000.

16. All the factors i.e, increase in wealth, steady growth, monthly income and safety of their investment are more or less equally important while considering the investment decision.

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4D International Journal of Management and Science
ISSN No: 2250-0669
@4D Crossconnect.com, Inc, 2012
www.4dinternationaljournal.com
Vol. 2, Issue 2, 2012

CONFLICT RESOLUTION STYLES: A STUDY IN I.T. AND COMMERCIAL ORGANIZATIONS OF WESTERN U.P. REGION

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ABSTRACT:

Conflict is all pervasive in nature and organizations are not untouched with it. Present study deals with interpersonal conflict in the private enterprises (both corporate and academic) in Delhi and adjoining areas in India. The study has a non-experimental, descriptive, and quantitative research design, a sample size of 103 employees working in financial, IT, academic and marketing sectors were analyzed (stratified random sampling was used for the purpose). Statistical measures like Cronbach's alpha, independent samples t test, bivariate correlation, robust tests for equality of means, multiple comparisons (Tukey HSD) and chi square tests were employed to analyze the data. Research revealed that employees of fairer sex in Indian organizations used integrating, compromising and avoiding styles of interpersonal conflict handling. Dominating and obliging styles were followed by males and same was true for all the employees as their age increased. Additionally, employees having superior income and work experience were found to be less integrative and more dominating in their management of conflict. Further, marital status of the employees also affected the conflict handling style. Interpersonal conflict understanding is crucial for smooth functioning of the organizations. Managers today are devising innovative handling techniques as conflict poses a great challenge for them. The present study can facilitate the management practitioners in understanding the concept and its implications.

Key words: Organization, Conflict, Handling Style, Private Sector, India

INTRODUCTION:

Conflicts are the primary reality of organizational societies and the basic political systems in organizations through which conflict is signified is observed in many organizations (Burns and Stalker, 1961; Zald and Berger, 1978; Noon and Blyton, 2002). According to Roloff (1987), "organizational conflict occurs when members engage in activities that are incompatible with those of colleagues within their network, members of other collectivities, or unaffiliated individuals who utilize the services or products of the organization" (p. 496).

Interpersonal conflict –which is the underlying essence of the present research-is considered to be one of the most difficult challenges organizational members face (Phillips and Cheston, 1979) and one of the most frustrating and uncomfortable experiences for managers (Earnest and McCaslin, 1994). Conflict is a term commonly having negative connotation, but organizations today are trying to understand the functionalities of conflict as not all conflicts are good or bad (*interactionist viewpoint*). Understanding the optimal level of conflict, which is neither too much nor too little, is the best bet for businesses. Thus researches in organizational conflict and its management are gaining much currency in contemporary times.

The relevance of present study is that in organizations, interpersonal conflict is prevalent and troublesome for managers (Putnam, 1988), thus the need of the study. Further it is reported that middle managers are spending 25 percent of their time handling conflict (Meyer et al., 1997). Measures like proper planning, mediation, and evaluation of conflict management strategies and developing partnerships with workers are recommended by managers to deal with dysfunctional organizational conflict.

Directing conflict in a positive or negative way may affect the nature of the conflict whether beneficial or destructive (Cetin and Hacifazlioglu, 2004). It is imperative to understand that if interpersonal conflicts are not handled appropriately, it can lead to bad feelings, high turnover and costly litigation (Hirschman, 2001). Nonetheless, if dealt with suitably, conflict can increase the innovativeness and productivity of individuals' (Uline et al., 2003), further offering the interpersonal relationship satisfaction, creative problem solving, the growth of the global workforce, and domestic workplace diversity (TingToomey and Oetzel, 2001, p. 3) and leads to "improved efficiency, creativity, and profitability" (Axelrod and Johnson, 2005, p. 42). The research at hand can help in understanding some aspects of conflict handling in Indian context.

REVIEW OF LITERATURE

Litterer (1966) defines conflict as "a type of behavior which occurs when two or more parties are in opposition or in battle as a result of a perceived relative deprivation from the activities of or interacting with another person or group". Another definition of conflict given by Tedeschi et al. (1973) term conflict as "an interactive state in which the behaviors or goals of one actor are to some degree incompatible with the behaviors or goals of some other actor or actors" (p. 232). Here "actor" refers to any social entity, from the individual to the corporate body itself.

Smith (1966) defines conflict as "a situation in which the conditions, practices, or goals for the different participants are inherently incompatible". The difference between the views of Smith and Litterer is whereas former deem conflict as a situation, the latter considers it as a type of behavior. However, both of these authors and Tedeschi et al. consider conflict to result from incompatibility or opposition in goals, activities, or interaction among the social entities.

Rahim Organisational Conflict Inventory (ROCI I and II) instruments have been widely used in various researches on organizational conflict. A study done by Lee (2008) in major industries of Malaysia found that subordinates were more satisfied with their superiors' supervision through their exercise of integrating, compromising, and obliging styles. Meanwhile, subordinates who perceived their superiors as primarily utilizing dominating and avoiding style viewed them as incompetent in supervision and thus lowering their level of job satisfaction.

Analyzing the relationship between biological sex, gender role, organizational status and conflict management behavior in three comparable organizations, Brewer et al. (2002) found dominating style among masculine and avoiding style among feminine individuals. Additionally it was confirmed that employees on upper level positions used integrative while lower level management cadres used avoiding and obliging styles of conflict handling.

The main focus of the present study is interpersonal conflict. Antonioni (1998) has opined that interpersonal conflict tend to occur when there is a struggle or between people with opposing needs and ideas, beliefs and goals and he further reports that gender in general had little relationship with the variance of the conflict-management style. Researches have also found no difference between men and women in conflict handling if they were on same status in the organization (Brewer et al. op. cit.; Korabik et al., 1993; Renwick, 1977).

Many studies have dealt with the sources of conflict but there is a general lack of empirical support as they are mostly theoretical conceptualizations (Van Tonder, Havenga and Visagie, 2008). Nelson and Quick (2001, p. 424–8) has given structural reasons (those that develop from within the organization and initiate from the manner in which work is organized), and personal factors, which crop up as a result of individual differences among employees as sources of conflict.

Antonioni op. cit. claims that age usually had little relationship with the conflict-management style. Friedman et al. (2000) associate individual conflict styles and employees' experience of stress. His research emphasizes that those who use a more integrative style experience lower levels of task conflict, reducing relationship conflict, which reduces stress. Further those who exercise more of dominating or avoiding style experience higher levels of task conflict, increasing relationship conflict and stress.

An exploratory study of interpersonal conflict handling in multinational organizations in India reported one third of all the conflicts and that of boss-subordinate (often) did not get resolved. Additionally, communication, whether by mutual consent, by management intervention, or by developing better interpersonal relationship helped in conflict resolution in majority of the cases (Gupta and Sasidhar, 2010).

Numerous studies (De Dreu and Vliert, 1997; Tjosvold, 1997) propose that conflict is a positive force if handled appropriately. In contemporary heterogeneous organizational environment the possibility of using conflict as a driving force to sustain competitive spirit, growth and innovation rather than an unconstructive, crippling force, is crucial. Consequently the focus has therefore shifted from prevention of conflicts to management of conflicts (Callanan et al., 2006).

CONCEPTUAL FRAMEWORK

Ohbuchi and Fukushima (1997) describe interpersonal conflict as an event in which an individual potentially jeopardizes another's goals, wishes, or expectations. The conceptual framework for the study encompassed independent and dependent variables as illustrated in figure 1. The independent variables included the demographic ones like gender, age, income, qualification, marital status and employees' tenure in the profession.

The dependent variables comprises of conflict handling styles which are typically seen as a response to particular situations. According to Wilmot & Hocker (2001), conflict management styles are patterned responses or clusters of behavior individuals' use in conflict situations utilizing various interaction methods (p. 130). Concern for self and for others has been identified as two fundamental elements of handling interpersonal conflict (Follet, 1940; Thomas, 1976; Rahim and Bonoma, 1979). On the basis of them five styles of handling conflict have been described by Sorenson and Hawkins (1995) as follows:

a. **Integrating style**, identified with problem solving, has high concern for self and others. It involves the assessment of differences so that an effective solution can be reached, acceptable to conflicting parties. It is further associated with openness and exchange of information for the purpose.

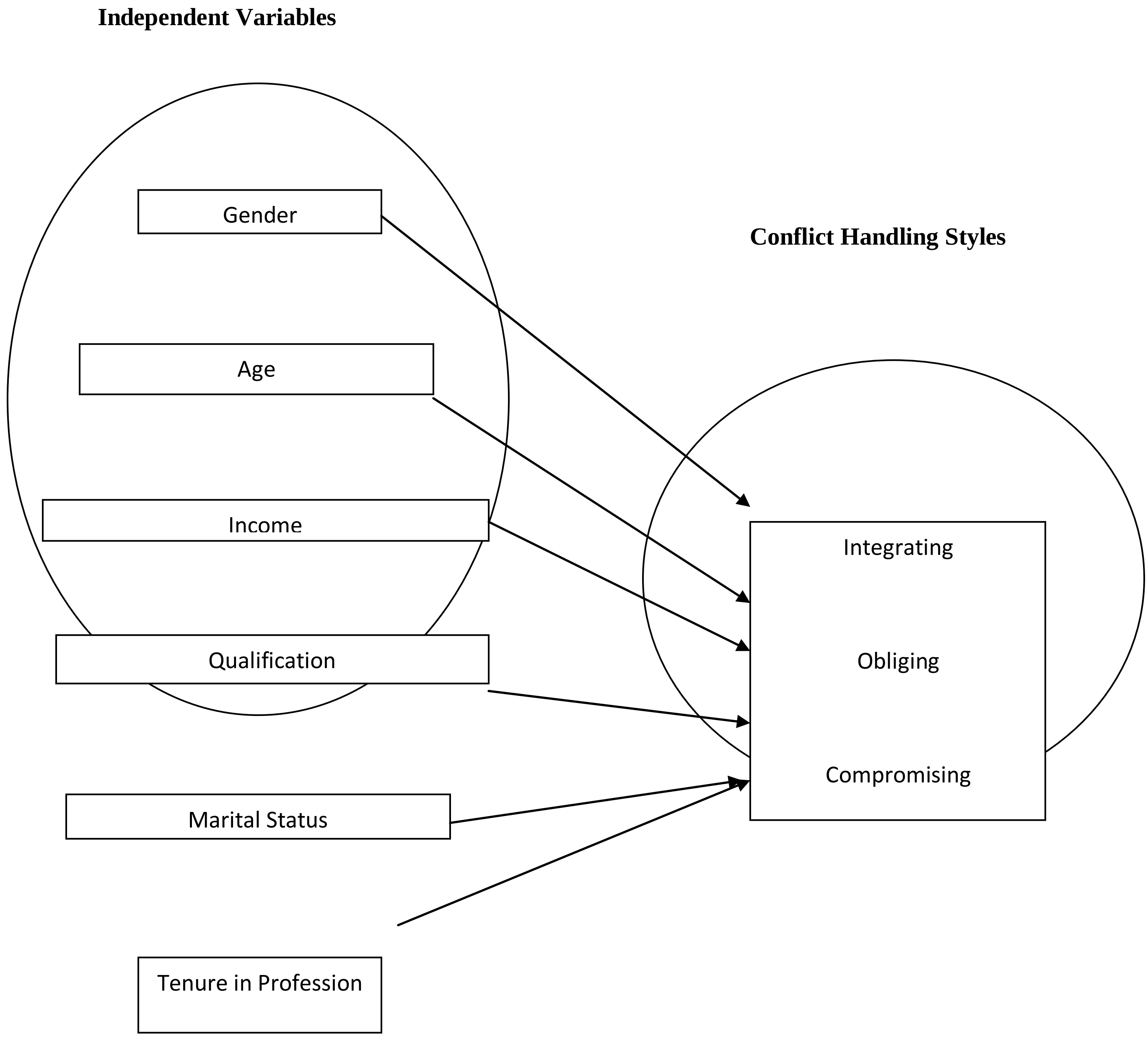
b. **Obliging Style** has high concern for others and low for self, it is related to emphasizing commonalities and playing down the differences to satisfy the concern of other party.

c. An employee having **Compromising Style** acts to serve as intermediary in concern with self and others, which means a reciprocal relationship to make a mutually acceptable decision.

d. **Dominating style** has high concern for self and low for others. This style is associated with forcing behavior to win one's position.

e. **Avoiding style** is associated with pulling out or sidestepping from a situation and passing the buck. The peculiarity of this approach is low concern for others as well as for self.

Figure: 1 Conceptual Framework of the Study



The conceptual suggestion of the study is employees' conflict handling styles (dependent variables) would be affected and differed by the independent variables.

OBJECTIVES:

The major purpose of conducting the present study was to investigate the conflict management styles based on variables gender, age, income, qualification, marital status and employees' tenure in the profession among the Indian employees. The researcher also sought to comparatively appraise the extent of gender differential in conflict management style among Indian corporate employees. The below mentioned hypotheses were tested for the study. According to Weathington et al., (2010), "a hypothesis is a specific prediction about the relation among two or more variables based on theory or previous research" (p. 67).

STATEMENT OF HYPOTHESIS:

Null Hypothesis (H_0)

There is statistically no significant gender difference in conflict management style used among employees in organizations.

Alternative (H_1)

There is statistically significant gender difference in conflict management style used among employees in organizations.

Null Hypothesis (H_0)

Variation in employee age has no significant difference in conflict management style used by them.

Alternative (H_1)

Variation in employee age has significant difference in conflict management style used by them.

Null Hypothesis (H_0)

There is statistically no significant difference in conflict management style among workers based on income earned.

Alternative (H_1)

There is statistically significant difference in conflict management style among workers based on income earned.

Null Hypothesis (H_0)

There is statistically no significant difference in conflict management style among workers based on qualification.

Alternative (H_1)

There is statistically significant difference in conflict management style among workers based on qualification.

Null Hypothesis (H_0)

There is statistically no significant difference in conflict management style among workers based on employees' marital status.

Alternative (H_1)

There is statistically significant difference in conflict management style among workers based on employees' marital status.

Null Hypothesis (H_0)

There is no significant variation in conflict management style among employees based on tenure.

Alternative (H_1)

There is significant variation in conflict management style among employees based on tenure.

METHODOLOGY

Research Design and Sample: The present study employed a non-experimental, descriptive, and quantitative research design with primary data of a sample size of 103. The employees were from myriad sectors of Indian economy like financial (38.8%), insurance (29.1%), information technology (IT) with 17.5% and marketing (14.6%) in Delhi NCR region. The data was collected using stratified random sampling. The strata were male and female employees working in sectors already mentioned (six strata) randomly selected from forty two relevant organizations. Due to certain discrepancies 31 responses were rejected out of 180 total questionnaires sent while 46 of them were not returned, the response rate being 74.44%. There were 45 males and 58 females in the total sample out of which 54.4% were married. Majority of the sample was in the age group of 25-30 years (61.2%) with their income ranging from INR 15 to 25000 (62.1%). The sample also shows post graduate degree for most (72.8%) respondents and 54.4% having work experience of 1-3 years. Statistical Package Social Sciences (SPSS) version 16 was used for all type of analysis.

INSTRUMENTATION

Reliability Statistics:

A pilot study with sample size 39 preceded the actual study. The reliability coefficient for the factors was: Integrating Style, .603; Obliging Style, .588; Compromising Style, .634; Dominating style, .660; Avoiding Style, .694 and the overall scale value being .757. Nunnally and Bernstein (1994) consider values that vary around 0.50 as being the lower limit of acceptability and all the above mentioned values are thus deemed acceptable. Table 1 demonstrates the reliability statistics of the present study, having constructs with adequate reliability.

Table 1: Reliability Statistics

Reliability Statistics		
Factors	**Cronbach's Alpha**	**No. of Items**
Integrating Style	.603	6
Obliging Style	.588	6
Compromising Style	.634	3
Dominating Style	.660	4
Avoiding Style	.694	5
Overall Scale	.757	24

RESULTS:

Tests of Hypotheses

Accordingly the stated hypotheses were tested. "Hypothesis testing is a systematic procedure for deciding whether the results of a research study, which examines a sample, support a particular theory or practical innovation, which applies to a population" (Aron et al., 2007, p.115).

Gender Differences in Conflict Handling

a. Descriptive statistics

Table 2: Descriptive Group Statistics and Directional Measures-Gender (n=102) ***(independent sample t test)***

Factors	Gender	M	SD	T	Df	Sig (2-tailed
Integrating Style	M	3.80	.726	-2.299	101	.024
	F	4.10	.612			
Obliging Style	M	3.22	.599			

	F	3.19	.512	.297	101	.767
Compromising Style	M	3.60	.986	-2.404	101	.018
	F	3.93	.317			
Dominating Style	M	3.31	1.041	4.544	101	.000
	F	2.52	.731			
Avoiding Style	M	3.31	1.041	-3.821	101	.000
	F	3.93	.588			

Table 2 displays the differentials in conflict handling styles with the variable gender. It is apparent that women excel in integrating, compromising and avoiding styles of conflict handling (their mean scores being 4.10, 3.93 and 3.93 respectively). While men score more in obliging and dominating styles with mean score of 3.22 and 3.31 in that order. The t-tests revealed significant differences among men and women in integrating, t=.024, p<.05, compromising, t=.018, p<.05, dominating t=.000, p<.05 and avoiding styles, t=.000, p<.05 thereby rejecting the null hypothesis that there is no significant gender difference in conflict management style used among employees in organizations. While there was no significant difference in obliging style of conflict handling among men and women with t=.297, p>.05, which accepts the null hypothesis for this factor.

Relationship between age and Conflict Handling

Table 3: Bivariate Correlations (Age)

		Age	Integrating Style	Obliging Style	Compromising Style	Dominating Style	Avoiding Style
Age	Pearson Correlation	1	.017	.463**	.153	.489**	.011
	Sig. (2-tailed)		.868	.000	.122	.000	.912
	N	103	103	103	103	103	103

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

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

Employing bivariate correlation to measure relationship between the independent variable age and all the five conflict handling styles found a positive correlation, thereby implying that as the age increases the usage of these styles also increases. In obliging style with a correlation coefficient of r = .463 which is highly significant at $p<0.01$ (one-tailed significance value =.000) and dominating style ($r=.489$, $p<0.01$) we find decidedly significant positive correlation. Statistically speaking, it can be thus safely said that among the employees surveyed, as their age increases, they become more obliging as well as dominant in their way of handling the conflicts at workplace.

Income based differentials in Conflict Handling

Table 4: Bivariate Correlations (Income)

		Income	Integrative Style	Obliging Style	Compromising Style	Dominating Style	Avoiding Style
Income	Pearson Correlation	1	-.262**	.207*	-.050	.701**	-.191
	Sig. (2-tailed)		.008	.036	.614	.000	.054
	N	103	103	103	103	103	103

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

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

Integrative style ($r= -.262$, $p<0.01$) was found to be having highly significant negative correlation with income of the employees, which means a person having more income would be less integrative in handling conflict and vice versa. Dominating style had a highly significant positive correlation with income ($r= .701$, $p<0.01$) which implies that as the income of the employee increases, he becomes more dominant in handling conflict. One more significant positive relationship is also between income and obliging style ($r= .207$, $p<0.05$). Compromising style (r= -.-050, $p>0.01$) and avoiding style ($r= -.191$, $p>0.01$) have negative correlation with income of a worker, nonetheless it is not significant.

Conflict Handling on the basis of Qualification of Employees

Among all the styles, only in dominating style does the findings suggest a significant difference in conflict handling by the employees based on their qualification, $F(2,100) = 7.344$, $p<.05$. Levene statistic (3.024) further shows that group variances are equal as .053 significance, is not significantly different ($p>0.05$).

Table 5: Robust Tests of Equality of Means

	Statistic[a]	df1	df2	Sig.

Dominating Style	Welch	12.716	2	21.783	.000
	Brown-Forsythe	12.267	2	29.243	.000

a. Asymptotically F distributed.

The Welch statistic is more powerful than the standard F or Brown-Forsythe statistics when sample sizes and variances are unequal. The results of the statistics conform that the differences between group score (dominating style) vis-à-vis qualifications is significant.

Table 6: Multiple Comparisons (Tukey HSD)

Dependent Variable	(I) Qualification	(J) Qualification	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Dominating Style	Undergraduate	Post Graduate	-.856*	.233	.001	-1.41	-.30

*. The mean difference is significant at the 0.05 level.

Tukey HSD test shows that there is significant difference in dominating conflict handling style only among the undergraduate and post graduate employees ($p<.05$). Therefore the null hypothesis that there is statistically no significant difference in conflict management style among workers based on qualification is rejected only for this factor and not for any other factor.

Marital Status and Conflict Handling

In a study of military personnel in Nigeria on conflict handling strategy, main and interactive effect of marital status was found to be insignificant (Yara and Tunde-Yara, 2010). Chi-square value (Fisher's exact test) of 9.213 exact significance .009 ($p<.05$), rejects the null hypothesis that there is statistically no significant difference in conflict management style among workers based on employees' marital status for obliging style of conflict handling.

Table 7: Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	8.971[a]	2	.011	.010		
Likelihood Ratio	11.619	2	.003	.006		

Fisher's Exact Test	9.213			.009		
Linear-by-Linear Association	2.729[b]	1	.099	.107	.070	.037
N of Valid Cases	103					

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is 3.19.

b. The standardized statistic is 1.652.

The Fisher's exact test value of 19.386, and exact significance .000 ($p<.05$) for dominating style of conflict handling provides the null hypothesis that there is statistically no significant difference in conflict management style among workers based on employees' marital status rejected. Same is true for avoiding style of conflict handling.

Table 8: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	19.736[a]	4	.001	.000		
Likelihood Ratio	23.801	4	.000	.000		
Fisher's Exact Test	19.386			.000		
Linear-by-Linear Association	.082[b]	1	.775	.838	.427	.078
N of Valid Cases	103					

a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is 1.83.

b. The standardized statistic is -.286.

Fisher's exact test value of 18.356, and exact significance .000 ($p<.05$) rejects the null hypothesis that there is statistically no significant difference in conflict management style among workers based on employees' marital status (for avoiding style). Therefore it can be safely ascertained from the analysis that only for obliging, dominating and avoiding styles the conflict handling is significant between married and unmarried employees. Nonetheless for integrative and compromising styles statistically the conflict handling difference is not there.

Table 9: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	18.342[a]	4	.001	.000		
Likelihood Ratio	23.256	4	.000	.000		
Fisher's Exact Test	18.356			.000		
Linear-by-Linear Association	.201[b]	1	.654	.735	.372	.082
N of Valid Cases	103					

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is 1.83.

b. The standardized statistic is -.448.

Conflict Handling based on Number of Years Experience of Employees

The study also found that work experience of an employee has negative highly significant correlation ($r= -.260$, $p<0.01$) with integrating style of conflict handling.

Table 10: Bivariate Correlations

		Experience	Integrating Style	Obliging Style	Compromising Style	Dominating Style	Avoiding Style
Experience	Pearson Correlation	1	-.260**	-.053	-.064	.205*	-.066
	Sig. (2-tailed)		.008	.592	.521	.038	.506
	N	103	103	103	103	103	103

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

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

As the experience increases, a worker becomes less integrative. Whilst experience has positive significant correlation with dominating style ($r=.205$, $p<0.05$), thereby meaning as the work experience increases, it results in increase of domination of the employee in treatment of conflict. Obliging, compromising and avoiding styles of conflict handling have negative correlation with the work experience, but they are statistically not supported.

DISCUSSION, LIMITATION, IMPLICATION AND CONCLUSION

In the present study interpersonal conflict and its handling is researched in the Indian context. After establishing the reliability of the study through Cronbach's alpha, the hypotheses of the study were tested. The results after the application of independent sample t test, it was found that the female employees outshine their male counterparts as they use integrating, compromising and avoiding styles of conflict handling more, while same is true for men in obliging and dominating styles.

Further, bivariate correlation shows that as the age of the employees increase they become more obliging as well as dominant in the manner they handle interpersonal conflict. The same statistical test additionally conforms that an employee having better income status are less integrative and more dominating in handling conflict. It was also established that the experience/tenure of a worker increases, he/she become less integrative and more dominating in the manner they handle conflict. Tukey HSD test additionally shows statistically there is significant difference in conflict management style between the undergraduate and post graduate workers based on qualification just for dominating style not others. It is further found in the study that married and unmarried statistically differ in handling their conflicts only for obliging, dominating and avoiding styles.

Knowing the causal relationship between conflict and its sources and secondly outcome of the same are limitations of the present research and implication for further researches. Nonetheless, development of valid and reliable measure of interpersonal conflict in Indian context can be facilitated through the study, in organizations and affiliated teams. It can be easily concluded here that several demographic variables have important role to play as far as conflict and its handling is concerned. A better understanding of discrepancies, disagreements, unconstructive and negative perceptions and emotions can be facilitated through the use of present paper for further researches.

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4D International Journal of Management and Science
ISSN No: 2250-0669

www.4dinternationaljournal.com
Vol. 2, Issue 2, 2012

EMOTIONAL PERCEPTIONS OF PEOPLE TOWARDS EQUITY MARKET – AN EMPIRICAL STUDY

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ABSTRACT

People's emotional perceptions towards investment in primary and secondary market especially equity market plays an important role in their investment decisions. This analysis is based on study made on the psychographics of human beings considering the parameters like age, gender and income groups and also some physiological parameters that will attract the a person towards equity market. Research Methodology includes Tool ANOVA Single Factor using Advanced Excel for hypothesis testing.

Keywords: *Emotions, Equity Market, Investment, IPOs (Initial Public Offer), Perceptions*

INTRODUCTION

In today's modern competitive world, the outlook of finance has changed entirely. Earlier, financial decisions which were taken by using the traditional models are now being replaced by the complex quantitative models. The Economists also agree with the rule of "EFFICIENT MARKET HYPOTHESIS." According to this markets are very efficient and transparent in nature. It says that the entire market moves and adjusts itself quickly as per the changes and the market thereby comes to equilibrium thus proving that all stocks are efficiently priced. In the traditional finance model, it is always believed that the "INVESTORS ARE RATIONAL" i.e., they are not attracted to any kind of emotional biases. It also believes that they always take the same decision in any kind of situation.

There are a lot of external factors which leads to imperfections in the market. However, most of the factors are linked to only one thing i.e. **emotions**. Human being is always bounded by emotions. Emotions always play an important role in the investment decisions made by him. All the post investment decisions like returns, risk, capital appreciations on the investment made etc. are always controlled by emotions.. This gave rise to a separate field wherein the people started studying about the behavioural patterns of the investors with respect to various financial markets and decisions they take based upon the said situation. This field was first developed by psychologists, who challenged the central assumptions of the investors by saying that, "INVESTORS ARE IRRATIONAL". They argued that, people often suffer from cognitive and emotional biases and act in a seemingly irrational manner.

A CASS BUSINESS SCHOOL STUDY

One damaging effect of irrational investor behaviour is overtrading. A Cass Business School study, sponsored by Barclays Wealth, showed that UK equity investors on average gave away 120 basis points annually by chasing emotional comfort. Many other studies have found even higher "investor-behaviour penalties". These differences may appear small but when compounded over the long term they amount to significant difference in performance—it amounts to receiving approximately US $ 7000 less on a $ 100000 over five years.

Every person has his two versions- one with long-term goals, such as planning for retirement or paying off mortgage quickly with all the good intentions. In conflict with the long-term version is the short-term version. This is the version that prefers short-term comfort over long-term gain. It tempts one to react to market volatility and can cause oneself to be unduly focused on disaster at the bottom of the market cycle. Put simply, the decisions that one makes to give oneself short-term comfort do not necessarily support one's long-term aims.

Returning to how one should be positioning today, one needs to return to one's long-term investment objectives. Maintaining a strategic focus is about focusing on one's long term goals. Thus an opportunity to assess some key elements of one's investing behaviour with one's investments. (Dr Peter Brooks Barclays Wealth, 2012)

Behavioural Finance refers to the behaviour, psychology and emotions of investors towards their finance and financial decisions. It tries to study the various patterns how different investors behave to a particular security in the market. It uses knowledge of psychology to improve the understanding of how individual investors make financial decisions, and how these individual decisions cause markets to behave in aggregate. Though this part of finance is popular but, it is still a niche area. Depending more on the psychological behavioural patterns of the individuals, it helps them to understand that the mentality of the individuals is not always the same. Hence, the pain felt by an individual investor in case of a loss is much more than the happiness he gets when there is a gain.

Though this field of behavioural finance is in existence for more than two decades, yet it became popular and came into limelight only in 2002 when Nobel Prize winners in Economics Daniel Kahneman and experimental economist Vernon Smith proved this theory. This field is still a niche area in the financial services world. In the financial institution area, behavioural finance is slightly more popular, but is still far from being considered a core approach.

- Sewell (2005) said that behavioural finance is the study of the influence of psychology on the behaviour of financial practitioners and the subsequent effect on markets.
- Shanmugam (2000) conducted a survey of 201 individual investors to study the information sourcing by investors their perception of various investment strategies dimensions and reports that among the various factors, psychological and sociological factors dominate the economic factors in investment decisions.

Understanding the financial personality is vitally important. It helps us in understanding why we make such decisions, how we react to the uncertainty inherent in investing and how we can temper our irrational elements of investment decisions while satisfying our own individual preferences. Understanding the financial personality and common investment biases will help in improving the investing experiences.

This can be further explained with the examples given below:-

Problem I:-

The government is preparing for an outbreak of an unusual disease, which is expected to kill 600 people. Two alternative scientific programmes to combat the disease are presented, together with estimates of the consequences. Which should be pursued?

Programme A: 200 people will be saved.

Programme B: A one-third chance of saving 600 people, and a two-thirds chance of saving no one.

Solution:-

Experimental studies show that when people are presented with Problem 1, about 70% choose Programme A. Most people prefer to know that they will definitely save 200 people than take a chance that none will be saved.

The real insight, though, comes when we compare these responses to those of a second problem:

Problem II:-

The government is preparing for an outbreak of an unusual disease, which is expected to kill 600 people. Two alternative scientific programmes to combat the disease are presented, together with estimates of the consequences. Which should be pursued?

Programme X: 400 people will die.

Programme Y: A one-third chance that no-one will die, and a two-thirds chance that 600 will die.

It should be fairly clear that both problems lead to exactly the same outcomes but that one is expressed in lives saved and the other in lives lost. Therefore, if people prefer Programme A in Problem 1 they should also prefer Programme X in Problem 2 – these two choices lead to exactly the same outcome, 200 people being saved and 400 deaths. However, when experimental subjects are presented with Problem 2, only 20% choose Programme X! It shows how easily people's intuitive choices can be affected just by a simple rephrasing of the options available.

Consider a situation where two investors (Paul and Peter) have made the same investment. Over one year, the market average rises 10% but the individual investment value increases by 6%. Paul cares only about the investment return and frames this as a gain of 6%. Peter is concerned with how the investment performs relative to the benchmark of the market average. The investment has lagged behind the market's performance and Peter frames this as a loss of 4%. Which investor is likely to be happier with the performance of their investment? Because of the way that individuals feel losses more than gains, Paul is much more likely to be happy with the investment than Peter. Their differing reactions here will frame their future investment decisions.

From the above quoted examples, it can be said that, each person has a different perception towards the markets. It also states that, the pain felt by an investor due to a loss incurred while trading in a particular security is much more even if he earns the same amount of profit while trading in another security. In simple terms, we do not think it is possible to separate an investor's personality and the investment decisions that he or she may make; for us, they are two sides of the same coin

Thus, it can be said that each individual has different perception towards the investment based upon his risk appetite, income level, his future expectations etc. which forces him to take financial and investment decisions and thereby making him successful or losing this investment.

One concept of Emotional perception and behavioural finance is Frame Dependence. Frame Dependence actually stems itself from a combination of cognitive and emotional factors. The cognitive aspect investors frame the outcomes mentally i.e., they are able to process and organise the information related to gains and losses and are able to frame a picture in their mind about the decision taken by them. In contrast, the emotional aspects pertains how people feel as they register information. Behavioural finance actually believes that in reality, there is frame dependence. In contrast, traditional finance believes that there is frame independence wherein the investors actually pay attention to changes in their total wealth because it is this that eventually determines how much they can spend on goods and services. This is a core essence of Modigliani and Miller approach wherein they claimed that, "If you transfer a dollar from your right pocket to your left pocket, you are no wealthier"

Decision making process involves cognitive illusion which is broadly classified into heuristics and prospect theory. The former one is also referred as "HEURISTIC – DRIVEN BIASES". They are the thumb rules which humans use to make decisions in complex, uncertain environments.

1) Representativeness:- Representativeness refers to the tendency to form judgements based on Stereotypes i.e. people of same opinion. This can be explained with an example such as; an

opinion about how a particular student would perform academically in college can be formed based on his academic performances in school. Though, it is a good thumb rule, it can also lead people to lose their investment. Debont (1998) concluded that analyses are biased in the direction of recent success or failures in their earnings forecast, the characteristic of stereotype decisions. For example,

- Investors may become overly optimistic about past winners and overly pessimistic about past losers.
- Investors generally hold that good company means good stocks, although the opposite holds true most of the time
- Investors may be drawn to mutual funds with a good track record because such funds are believed to be representative of well – performing funds. They may forget that even unskilled managers can earn by chance.

2) Overconfidence:- Overconfident people generally overestimate the accuracy of their forecasts. It actually stems out from the illusions of knowledge. It generally plays a role when investors start thinking that they have special information or experience no matter how insignificant it would be. Overconfidence also arises due to illusion of control wherein people tend to believe that they have influence over future outcomes in an uncertain environment.

3) Anchoring & Familiarity:- Anchoring is like a belief or a mind-set of the investors which they are unwilling to change. Even though they receive some relevant information about the company yet they are unwilling to change. Anchoring manifests in it a phenomenon called the "POST EARNINGS ANNOUNCEMENT DRIFT". This can be proved with an example. If suppose investors have formed an opinion in their mind that company A has above earnings long term prospects. Suddenly, such company announces its returns very less than expected. Though it is unworthy to hold the security of that company at that point of time yet, investors hold it with the hope that the company has announced its returns above average and they will not react sufficiently to the bad news. So, on the date of actual earnings, investors won't react much due to which the stock prices also do not show heavy movements. This is all because of anchoring. It is also referred to as conservatism. Familiarity is a characteristic of investors wherein they are comfortable with things that are familiar to them. Indeed, it is familiarity that breeds investment. Due to this reason only, people invest in stocks with which they are much familiar like employer's company, local companies etc.

4) Aversion to ambiguity:- In the world of investments, aversion to ambiguity means that investors are very cautious about the stocks of which they do not have any idea. However, on the other hand, it also means that investors have a preference for the familiar. It means that people are fearful of ambiguous situations where they feel that they have little information about the possible outcomes. It can be explained with an example that people are inclined to bet only when they are very sure about the outcome of a particular event otherwise, they do not try to risk with it.

5) Innumeracy:- Innumeracy refers to the difficulty which the investors face due to their difficulty with numbers. This concept was explained by John Paulos, in his book, "Innumeracy: Mathematical Illiteracy and Its Consequences" wherein he quotes that, " some of the blocks to dealing comfortably with numbers and probabilities are due to quite natural psychological responses to uncertainty, to coincidence, or to how a problem is framed. Others can be attributed

to anxiety, or to romantic misconceptions about the nature and importance of mathematics". The trouble with numbers is due to the following reasons:-

- People tend to pay more attention to big numbers and give less weight to small numbers
- People estimate the likelihood of an event on the basis of how vivid the past examples are and not on the basis of how frequently the event has actually occurred.
- People confuse between nominal changes and money changes i.e., they are not able to bifurcate between greater of lesser numbers of actual rupees as compared to greater or lesser purchasing power. Economists also term this as "Money Illusion".

Second classification of cognitive illusion is the prospect theory. This theory is a descriptive theory of choice under uncertainty. This is in contrast to expected utility theory, which is normative rather than descriptive.

This theory can be further explained with the help of two case studies discussed below:-

Case I:-

A person has been given Rs. 100000 and asked to choose between two options:

a) A certain gain of Rs.50000
b) A chance to flip a balanced coin. If the coin shows head up he will get Rs. 100000; on the other hand, if the coin shows tail, he will get nothing.

Case II:-

A person has been given Rs.200000 and required to choose between two options:

a) A certain loss of Rs.50000
b) A chance to flip a balanced coin. If the coin shows head up, he loses nothing on the other hand if the coin shows tail up he loses Rs.100000.

The outcome of option A in both the cases is Rs.150000.

Case I: Rs.100000 + Rs.50000 = Rs.150000

Case II: Rs.200000 – Rs.50000 = Rs.150000

The outcomes of option B in both the cases are Rs.200000 or Rs.100000 with equal probability.

Case I: Rs.100000 + Rs.100000 of Rs.0 with equal probability

Case II: Rs.200000 – Rs.0 or – Rs.100000 with equal probability.

Most of the people when presented with this case tend to choose option A in case I but option B in case II. By choosing such options, they prove that they are more conservative when they have an opportunity to lock in sure profits, but are willing to take more risk if it offers the possibility of avoiding losses.

Thus, according to prospect theory it can be said that people feel more strongly about the pain from loss than the pleasure from an equal gain. Hence, they are likely to choose the certain gain of Rs.50000 in the first case but reject a certain loss or Rs.50000 in the second case even though both produce the same outcome of Rs 150000

Prospect theory focuses on changes in wealth, whereas expected utility theory focuses on the level of wealth. Gains and losses are measured relative to a reference point. Prospect theory also assumes loss aversion. Prospect theory also incorporates framing—if two related events occur, an individual has a choice of treating them as separate events (segregation) or as one (integration). For example, if a person goes to the racetrack and makes two bets, winning one and losing one, the person may integrate the outcome and focus on the net payoff. If the net payoff is positive, a gain has occurred, and focusing on this makes the better happy. If there is a net loss, segregating the two bets allows the better to feel disappointed once, but happy once.

Tim Loughran and Jay Ritter use prospect theory in 2002 RFS paper "Why Don't Issuers Get Upset about Leaving Money on the Table in IPOs?" to explain the severe under-pricing of some IPOs. If an IPO is under-priced, pre-issue stockholders are worse off because their wealth has been diluted. We argue that if an entrepreneur receives the good news that he or she is suddenly unexpectedly wealthy because of a higher than expected IPO price, the entrepreneur does not bargain as hard for an even higher offer price. This is because the person integrates the good news of a wealth increase with the bad news of excessive dilution. The individual is better off on the whole. Underwriters take advantage of this mental accounting and severely under-price these deals. It is these IPOs where the offer price has been raised (a little) that leave a lot of money on the table when the market price goes up a lot.

It is also used by Barclays Bank Investment Banking wing in order to formulate the portfolio of their customers. This helps them in identifying and understanding the behavioural patterns of investors and thereby frame is portfolio accordingly.

The Prospect Theory was proposed by Kahneman and Tversky.
The key concepts of the prospect theory are given below as follows:-

Loss Aversion:- Loss aversion is an important psychological concept which receives increasing attention in economic analysis. As per this concept, the investor becomes a risk seeker when faced with the prospects of losses but, he becomes risk averse when he faces with the prospects of enjoying gains. This concept was discussed by Ulrich, Schmidta and Horst Zankb along with the risk aversion and accepted the views of Kahneman and Tversky's views.

Regret Aversion:- This phenomenon arises due to the pain desire to avoid pain of regret arising due to a poor investment decision. This encourages the investors to hold poorly performing shares as avoiding their sale also avoids the recognition of the associated loss and bad investment decisions. Regret aversion creates a tax inefficient investment strategy because investors can reduce their taxable income by realizing taxable losses.

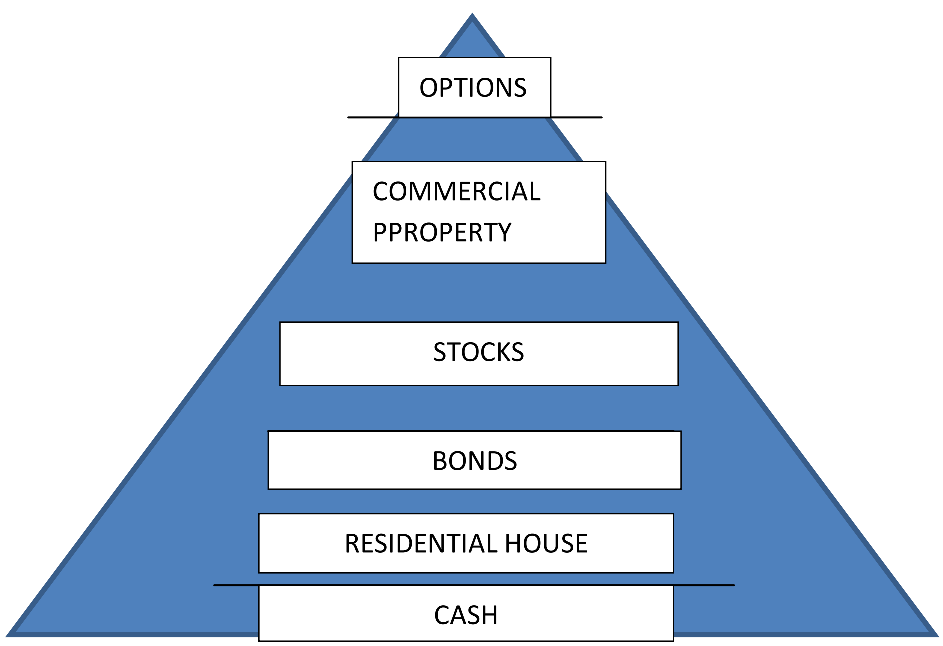
Mental Accounting:- Mental Accounting is the set of cognitive operations used by the investors to organise, evaluate and keep track of investment activities. Mental accounting states that people separate their money into various accounts and treat a rupee in one account differently from a rupee in another because each account has a different significance to them. This concept was proposed by Richard Thaler, one of the brightest stars of behavioural finance. This concept is actually in contrast as compared to the traditional finance which holds that wealth in general and money in particular must be regarded as 'fungible' and every financial decisions should be based on a rational calculation of its effects on overall wealth position.

Mental accounting manifests itself in various ways:-

i. Investors have a tendency to ride the losers as they are reluctant to realise losses. Mentally, they treat unrealised 'paper loss' and realised 'loss' differently although from a rational economic point of view they are the same.
ii. Investors often integrate the sale of losers so that the feeling of regret is confined to one time period.
iii. People tend to stagger the sale of winners over time to prolong the favourable experience.
iv. People are more venturesome with money received as bonus but very conservative with money set aside for children's education.
v. Investors often have an irrational preference for stocks paying high dividends because they don't mind spending the dividend income, but are not inclined to sell a few shares and "dip into the capital".

- Self Control:- It requires all the investors to avoid the losses and protect the investments. By mentally separating the financial resources into capital and 'available to consume' pools, the investors can control their urge to over consume.

Next is an interesting concept of behavioural portfolio introduced by Hersh Shefrin and Meir Statman. They said that, the psychological tendencies of investors prod them to build their portfolios as a pyramid of assets. The diagram of behavioural portfolio pyramid is shown in below:

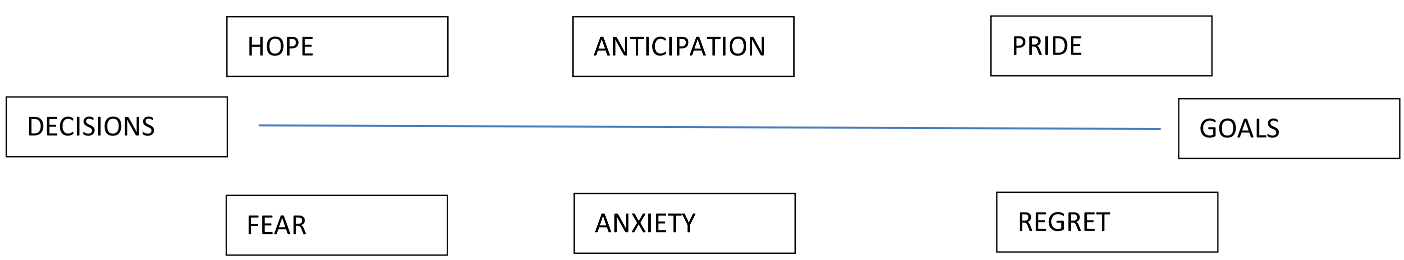


The salient features of the pyramid of behavioural portfolio are as follows:-

- Investors have several goals such as safety, income, and growth often in sequence.
- Each layer in the pyramid represents assets meant to meet a particular goal.
- Investors have separate mental accounts for each investment goal and they are willing to assume different levels of risk for each goal.
- The asset allocation of an investor’s portfolio is determined by the amount of money assigned to each asset class by the mental accounts.
- Investors end up with a variety of mini – portfolios as they overlook interactions among mental accounts and among investment assets.
- Diversification stems from investor goal diversification, not from purposeful asset diversification as recommended by Markowitz’s portfolio theory. This means that most investors do not have efficient portfolios. They may be taking too much risk for the returns expected from their portfolio. Put differently, they can earn higher expected returns for the level of risk they are taking.

Emotional & Social Influences:- Emotions have a bearing on risk tolerance and risk tolerance influences portfolio selection. The emotions experienced by a person with respect to investment may be experienced along an emotional time line which is shown below:

EMOTIONAL TIME LINE:



Investment decisions lie at the left end of the time line and investment goals at the right end. This concept is explained by psychologist Lola Lopes, who say that investors experience a variety of emotions, positive and negative. Positive emotions are shown above the time line and negative emotions below the time line. On the positive side, hope becomes anticipation which finally converts into pride. On the negative side, fear turns into anxiety which finally transforms into regret. Hope and fear have a bearing on how investors evaluate alternatives. Fear induces investors to look at the downside of thins, whereas hope causes them to look at the potential gains. According to Lopes, these two perspectives reside in everyone, as polar opposites. However, they are often not equally matched, as one pole tends to dominate the other. The relative importance of these conflicting emotions determines the tolerance for risk.

Social Influences or Herd Instincts and overreaction say that there is a natural desire on the part of human beings to be part of a group wherein the people in that move together. However, when moving with the group, people tend to influence their views on one another rather than emphasizing on rigorous independent analysis. This tendency is accentuated in the case of decisions involving high uncertainty. Due to this behaviour investors in the stock markets overreact to both good news and bad news especially, in markets which constantly new information is being bombarded thereby forming a cascade of information. This most of the time leads to a stock market bubble and causes the market to crash by moving in the opposite direction. This can be explained with an example. Imagine a traffic jam on a highway and you find that the driver ahead of you suddenly takes a little used exit. Even if you are not sure whether it will save you time, you are likely to follow him. Few others follow you and this in turn leads to more people imitating that behaviour.

If even a little new information arrives, suggesting that a different course of action is optimal, or if people even suspect that underlying circumstances have changed (whether or not they really have), the social equilibrium may radically shift.

AIM OF THE STUDY

Since this topic relates the human emotional behaviour and its decision on finance, it would be interesting to understand the human emotions with respect to its decisions in the stock markets. By doing this study and research it is being tried to prove that emotions of human beings play one of the vital roles in framing his financial decisions with respect to equity investments. The research is conducted by using samples and testing of hypothesis taking ANOVA as a tool.

Hypothesis

Null Hypothesis (H0): Emotional perceptions of people and investment decisions are independent and not correlated.

Alternative Hypothesis (H1): There is a high degree of dependence between emotional perceptions and investment decisions.

OBJECTIVE OF THE STUDY

To study relationship between emotional perceptions and investment decisions

RESEARCH METHODOLOGY: This research is an analytical work for which the secondary data was collected and the primary data was collected through structured questionnaire from 35 people and one to one interviews. Research focuses that people do give values to their emotions while making financial decisions.

TOOLS

Advanced statistical tools (Excel Solver) are used to analyze the data. (ANOVA Single Factor)

FINDINGS

After collecting the samples, as per the required parameters, the data analysis has been done through excel by using ANOVA single factor test. The analysis test has been done by assigning the value for null hypothesis as "0" and value of alternative hypothesis as "1".

The hypothesis test for the following research shows the following results:-

ANOVA:- SINGLE FACTOR						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Column 1	35	19	0.542857143	0.255462185		
Column 2	35	5	0.142857143	0.12605042		
ANOVA						
SOURCE OF VARIATION	SS	Df	MS	F	P-value	F critical
Between Groups	2.8	1	2.8	14.6784141	0.000280714	3.981896256
Within Groups	12.97142857	68	0.190756303			
TOTAL	15.77142857	69				

CONCLUSION

The conclusion for the research proves that the investors are emotionally attached towards their financial decisions i.e. they give importance to emotions while investing in any particular security.

This has been proved by accepting the alternative hypothesis and not accepting the null hypothesis. In the said ANOVA testing, the value of F in the given table is more than the value of F critical which proves that the null hypothesis is to be rejected and the alternative hypothesis needs to be accepted.

The findings of the test as per the questionnaire are given below in the following points:

a. When the age factor is concerned the old aged people were more inclined towards safe investments like bonds, fixed deposits etc. They are emotionally attached to the stocks they were holding for quite a long period.
b. They also have fear of losing their investments if invested in a risky assets since, their main aim is to protect themselves and also for their basic and medical expenses. They believed in the dividend paying stocks and bonus issuing stocks.
c. However, in case of young people, they are much inclined towards risky investments like shares, derivatives etc., so that they can earn higher income at a very faster rate and their main aim is also wealth creation. They had emotional perception towards the market trends.
d. In case of salaried people and businessmen they are also inclined to invest more in risky assets since, they already have a fixed income and their risk appetite is also high. Most of them were interested in short term gain.
e. In this survey, few students were also interviewed who were receiving some good amount of pocket money and were investing in stock markets to make money with the aim of earning more. They were going with the market sentiments.
f. In this research, people with higher income levels who were interviewed, some were with the attitude of investing in risky assets but, somewhere not.

However, in the overall scenario, it was proved that people were giving importance to emotional aspects while making financial decisions.

RECOMMENDATIONS

The recommendations focus the strategies for overcoming the psychological biases:

Understanding the Biases: Understanding our own biases (i.e. the enemy within) is an important step in avoiding them. This concept was explained by Pogo, the folk Philosopher created by Walt Kelly, who provided an insight which is particularly relevant to the investors, “We have met the enemy – and it’s us”.

Focus on the Big Picture: Develop an investment policy and put it down on paper. Doing so will make you react less impulsively to the gyrations of the market.

Diversify: It is said that an investor should always diversify his investments. Due to this, he is less prone to do something drastically when he incurs losses in one or two stocks because these losses are likely to be offset by gains elsewhere.

Strive to Earn Market Returns: Seek to earn returns in line with what the market offers. If you stive to outperform the market, you are likely to succumb to psychological biases.

Control your Investment Environment: In order to have a disciplined investment activity, one should regulate or control his investment control. This can be done in the following ways:-

- Check your stocks only once every month.

- Trade only once every month and preferably on the same day of the month.
- Review your portfolio once or twice a year.

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4D International Journal of Management and Science
ISSN No: 2250-0669
@4D Crossconnect.com, Inc, 2012
www.4dinternationaljournal.com
Vol. 2, Issue 2, 2012

CRITICAL ANALYSIS OF MUTUAL FUNDS AS INVESTMENT

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ABSTRACT

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciations realized are shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The flow chart below describes broadly the working of a Mutual Fund.

There are various investment avenues available to an investor such as real estate, bank deposits, post office deposits, shares, debentures, bonds etc. A mutual fund is one more type of investment Avenue available to investors. There are many reasons why investors prefer mutual funds. Buying shares directly from the market is one way of investing. But this requires spending time to find out the performance of the company whose share is being purchased, understanding the future business prospects of the company, finding out the track record of the promoters and the dividend, bonus issue history of the company etc. An informed investor needs to do research before investing. However, many investors find it cumbersome and time consuming to pore over so much of information, get access to so much of details before investing in the shares. Investors therefore prefer the mutual fund route.

Mutual Funds in India follow a 3-tier structure. There is a Sponsor (the First tier), who thinks of starting a mutual fund. The Sponsor approaches the Securities & Exchange Board of India (SEBI), which are the market regulator and also the regulator for mutual funds.

***Keywords**: Mutual Funds, Equity Fund, Debt Fund, Balanced Fund, Sensex*

OBJECTIVES OF THE STUDY:

- To study the performance of some selected equity, debt and balanced mutual funds in India during the last 3 years by evaluating their risks, returns and volatility.
- The work also aims at determining preferred critical factors taken into account by the investors while investing in mutual funds.

LITERATURE REVIEW

BENEFITS OF MUTUAL FUNDS

Chordia (1996) identifies three benefits that mutual funds provide to investors. The first one is diversification. Small investors usually have no available resources to diversify their portfolios. The second one is transaction cost savings. The third is that mutual funds enable investors to share liquidity risk. Chordia (1996) notices that open-end funds try to dissuade redemptions through front and back-end load fees. Mutual funds would expect to improve results if they can persuade investors not to redeem their holdings. He finds that redemption fees can be more successful than front-end load fees at avoiding redemptions.

ACTIVELY MANAGED FUNDS Vs PASSIVELY MANAGED FUNDS

Passively managed index funds have lower costs and generally outperform actively managed funds (Bogle, 1998). Actively managed funds incur various costs. Examples of such costs are operating and research expenses which are represented by the fund's expense ratio. Most of these expenses could be associated with cost of financial market research, as Indro et al (1999) considered expense ratio to reflect the fund manager's explicit cost of research. As Indro et al (1999) characterized most retail fund investors as passive and not informed, expense ratio was considered the price paid by investors of a fund to its manager to inform them about the financial market. In order for active management incurring research expenses to be worthwhile, incentives in the form of economic gains from trading based on information from useful research would compensate fund managers for incurring such costs (Grossman and Stiglitz, 1980).

Therefore, fund managers efficiently incurring research expenses can earn positive risk-adjusted returns net of expenses. Otherwise, inefficient expenses may lead to their income (proportionate to amount of assets under management) being penalized as investors withdraw monies from under-performing funds with excessive expenses.

FUND SIZE AND ITS PERFORMANCE

Large mutual funds present several advantages when compared to small ones. First, they experience economies of scale. Larger funds are able to spread fixed expenses over a larger asset base, and have more resources for research. Additionally, managers of large funds can obtain positions in beneficial investment opportunities not available to smaller market participants [Ciccotello and Grant (1996)]. Large funds are able to negotiate smaller spreads as they have large market positions and trading volumes [Glosten and Harris (1988)]. Furthermore, brokerage commissions decline with the size of the transaction [Brennan and Hughes (1991)]. However larger funds face some problems and management challenges, and the scalability of investments is determinant for the persistence of fund performance. While small funds can concentrate their money on a few investment positions, when funds become larger, fund managers must continue to find worthwhile investment opportunities and the effect of managerial skill becomes diluted. Cremers and Petajistoy (2006) show that small funds are more active, while a significant fraction of large non-index funds are closet indexers. Moreover, larger mutual fund managers must necessarily transact larger volumes of stock, calling the attention of other market participants, and therefore suffer higher price impact costs [Chen et al. (2004) name this effect the liquidity hypothesis].

According to **Graham Cocks**, "One of the most important elements of a fund's performance is probably the level of risk associated with the portfolio. However, 'risk' has been defined and measured in so many ways in the past that it may be preferable to avoid the use of the term altogether. Instead we may consider any or all of a number of factors which seem to be associated with the level of risk of a portfolio. A list of such factors would include the variability of the rate of return on the portfolio, the volatility of the rate of return on the portfolio, which is the sensitivity to the rate of return on the market and is usually measured by a regression coefficient, the relative strength of the portfolio, the diversification of the portfolio and the vulnerability of the portfolio." It indicates that instead of calculating risk of mutual fund, the factors associated with risk can be directly estimated for the selection of funds.

RESEARCH METHODOLOGY

1.Primary data: By questionnaire n interview of a representative sample of 70 persons

2.Secondary data: Analysis of three categories of mutual funds viz. **Equity funds, Debt funds and Balanced funds**. **(two public funds, two private funds and two foreign funds**.) In order to analyze these funds, collected the daily NAVs and BSE Sensex figures for the last three calendar years starting from Jan, 2007 to Dec, 2009.

DATA ANALYSIS

1.Primary Data Analysis:. The frequency distribution

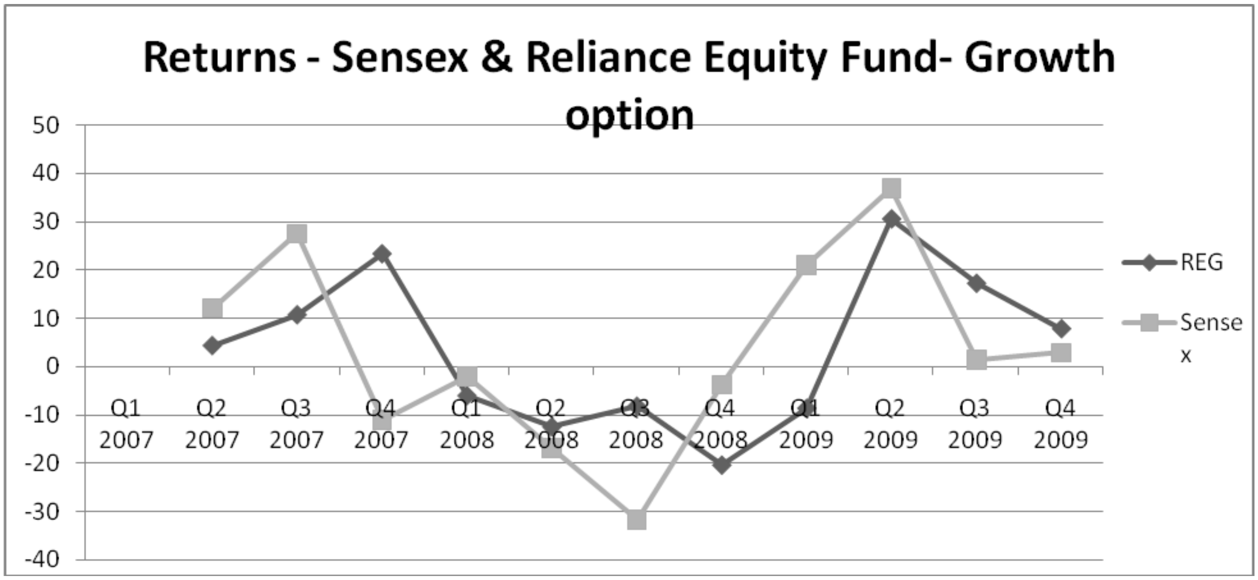
2.Secondary Data Analysis: Alpha ,Beta, Standard Deviation ,Sharpe Ratio

DATA ANALYSIS AND INTERPRETATION

COMPARISON OF RETURNS OF MUTUAL FUNDS WITH THAT OF SENSEX

RELIANCE EQUITY FUND- GROWTH OPTION (REG)

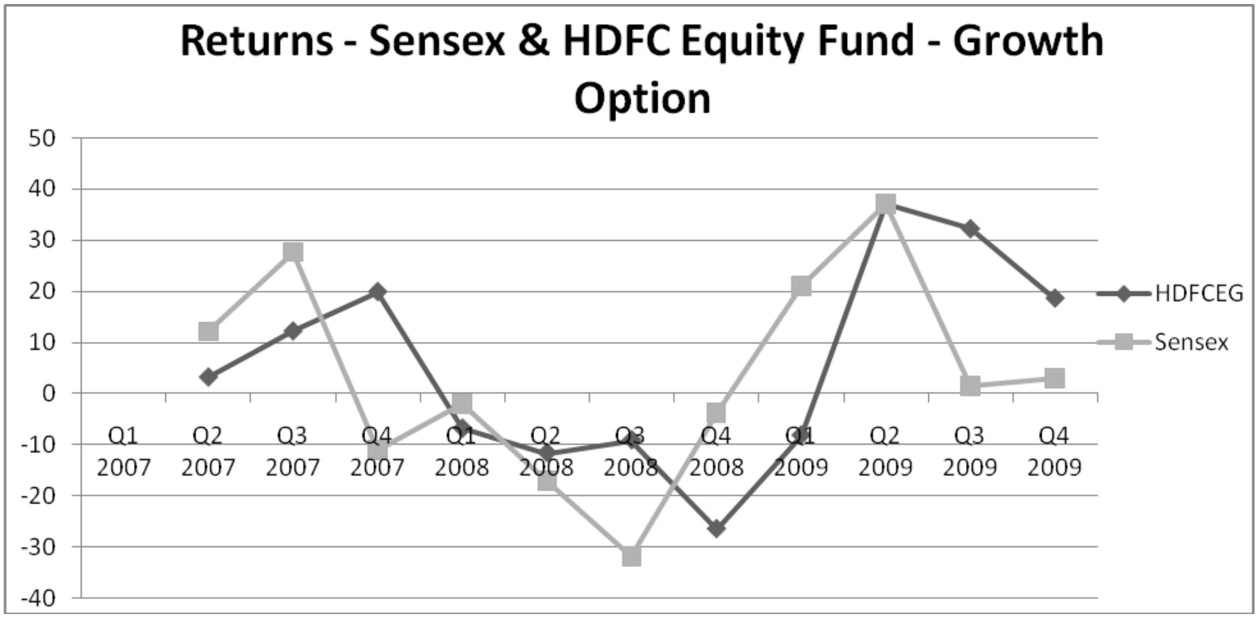
Calendar Years	REG Returns	Sensex Returns
Q1 2007	-	-
Q2 2007	4.38	12.10
Q3 2007	10.75	27.57
Q4 2007	23.35	-11.04
Q1 2008	-5.96	-2.05
Q2 2008	-12.42	-16.96
Q3 2008	-8.13	-31.82
Q4 2008	-20.31	-3.72
Q1 2009	-8.56	21.00
Q2 2009	30.55	37.00
Q3 2009	17.25	1.44
Q4 2009	7.87	2.90



The above chart shows that REG is having somewhat similar trend when compared to BSE Sensex. REG appears to follow the Sensex with a lag of about one quarter. In Q2, 2007, Sensex was giving a return around 12% and it increased to 27.5% during Q3, 2007. REG also gave an increasing trend in the returns between these periods. In Q4, 2007, the returns for both started falling and even started giving negative returns from Q4, 2007 to Q1, 2009. But after that both started giving positive returns. The volatility in Sensex is to that of REG.

HDFC EQUITY – GROWTH OPTION (HDFCEG)

Calendar Years	HDFCEG Returns	Sensex Returns
Q1 2007		
Q2 2007	3.22	12.10
Q3 2007	12.25	27.57
Q4 2007	19.97	-11.04
Q1 2008	-6.81	-2.05
Q2 2008	-11.60	-16.96
Q3 2008	-9.09	-31.82
Q4 2008	-26.52	-3.72
Q1 2009	-8.15	21.00
Q2 2009	37.18	37.00
Q3 2009	32.30	1.44
Q4 2009	18.69	2.90

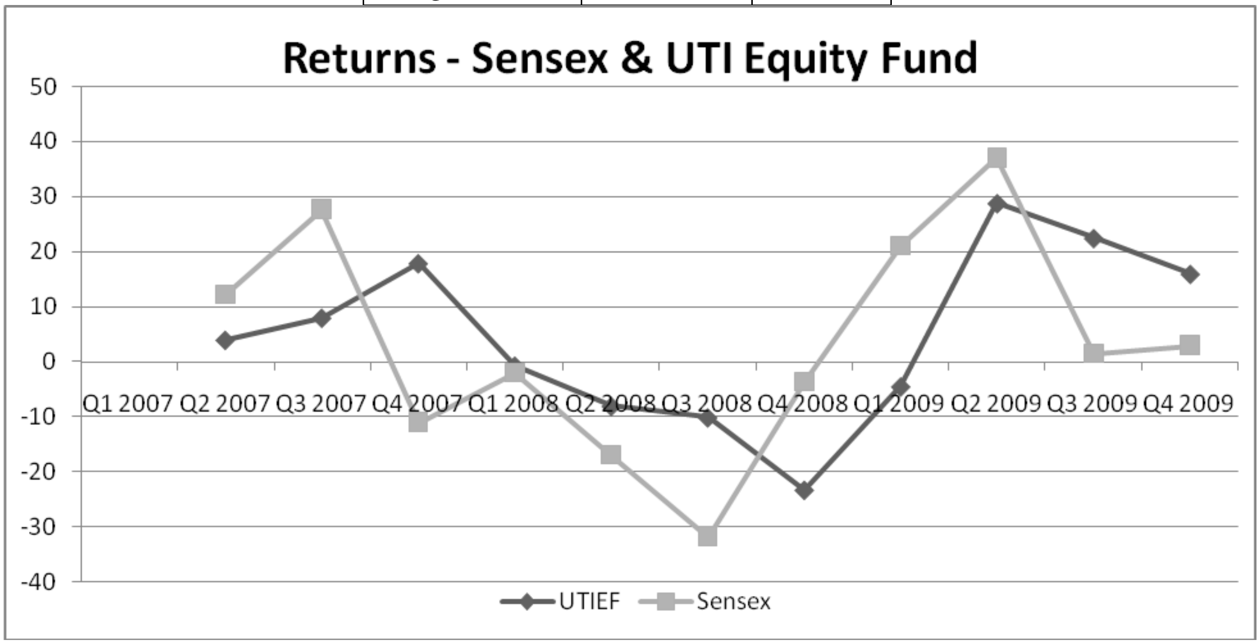


The above chart shows that HDFCEG is having somewhat similar trend when compared to BSE Sensex. HDFCEG appears to follow the Sensex with a lag of about one quarter. In Q2, 2007, Sensex was giving a return around 12% and it increased to 27.5% during Q3, 2007. HDFCEG also gave an increasing trend in the returns between these periods. In Q4, 2007, the returns for both started falling and even started giving negative returns from Q4, 2007 to Q1, 2009. But after that both recovered and have now started giving positive returns and both peaked in Q2 2009. But for the last 2 quarters, their returns are declining. The returns from Sensex are declining at a higher rate.

UTI EQUITY FUND (UTIEF)

Calendar Years	UTIEF Returns	Sensex Returns
Q1 2007		
Q2 2007	3.94	12.10
Q3 2007	7.97	27.57
Q4 2007	17.88	-11.04
Q1 2008	-0.76	-2.05
Q2 2008	-8.09	-16.96
Q3 2008	-10.18	-31.82
Q4 2008	-23.36	-3.72
Q1 2009	-4.55	21.00
Q2 2009	28.81	37.00
Q3 2009	22.46	1.44

Q4 2009	15.94	2.90

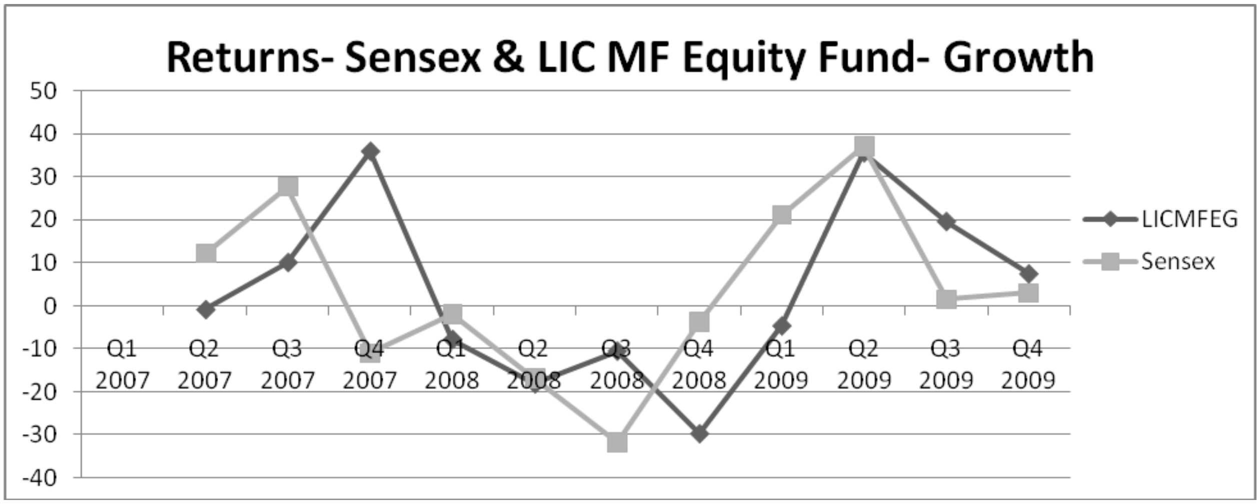


The Sensex was giving a return of 12.10% in Q2,2007 and it went on to give as low as 31.82% in Q3,2008. It rose to 37% in Q2, 2009 and came down to give a return of 2.90% in Q4, 2009. In Q2, 2007, UTIEF gave returns of 3.94% and came down to give a return of -23.36% in Q4,2008. And it went up in Q2, 2009 to give a return of 28.81%. UTIEF appears to follow the Sensex with a lag of about one quarter. However, both peaked during Q2 of 2009.

LIC MF EQUITY GROWTH (LICMFEG)

Calendar Years	LICMFEG Returns	Sensex Returns
Q1 2007		
Q2 2007	-0.87	12.10
Q3 2007	10.04	27.57
Q4 2007	35.79	-11.04
Q1 2008	-7.76	-2.05
Q2 2008	-18.05	-16.96
Q3 2008	-10.48	-31.82
Q4 2008	-29.59	-3.72
Q1 2009	-4.63	21.00
Q2 2009	35.43	37.00
Q3 2009	19.51	1.44

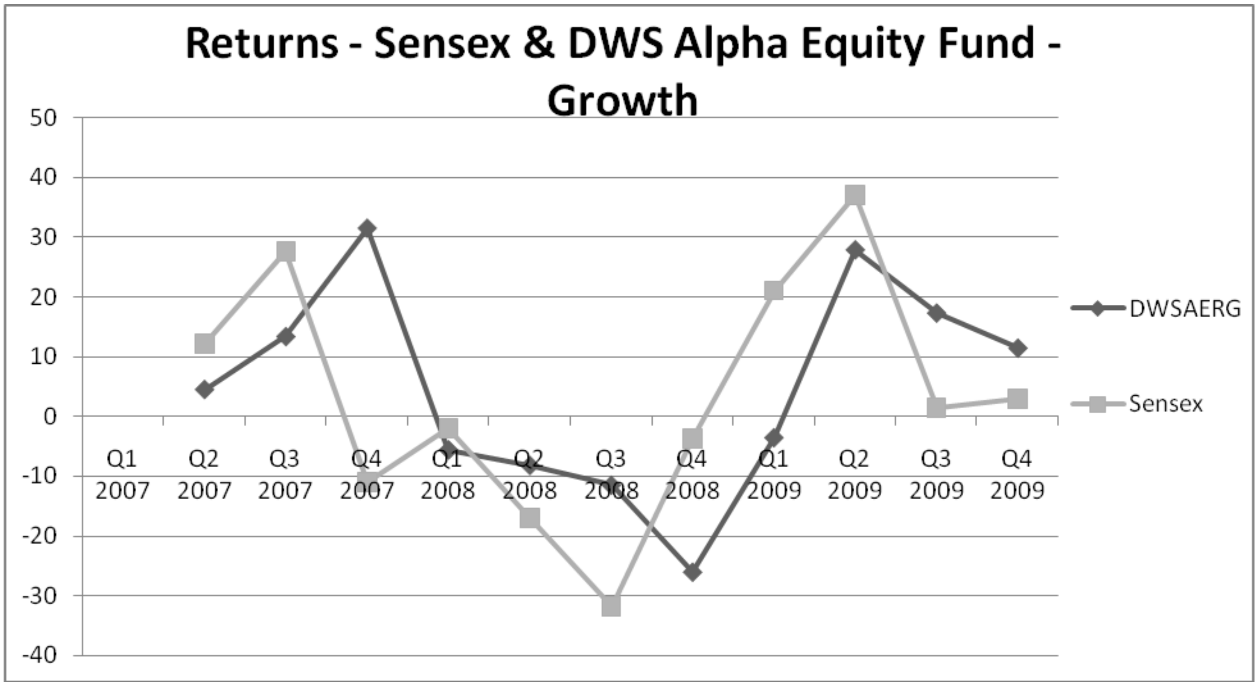
Q4 2009	7.41	2.90



The Sensex was giving a return of 12.1 0% in Q2,2007 and it went on to give as low as 31.82% in Q3,2008. It rose to 37% in Q2, 2009 and came down to give a return of 2.90% in Q4, 2009. In Q2, 2007, LICMFEG gave negative returns and came up to give a return of 35.79% in Q4,2007. And it went down in Q4, 2008 to give a return of -29.59%. LICMFEG appears to follow the Sensex with a lag of about one quarter. But, in Q2,2009, both have risen to give a same return of 35.43%.

DWS ALPHA EQUITY FUND REGULAR PLAN GROWTH (DWSAERG)

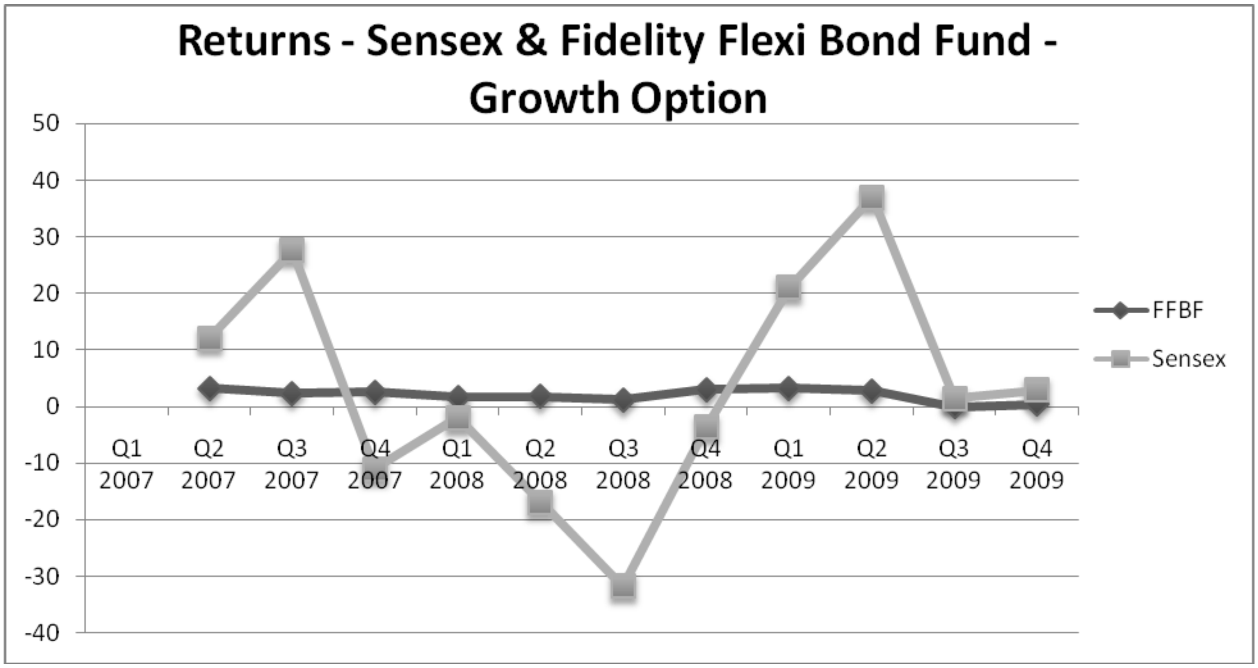
Calendar Years	DWSAERG Returns	Sensex Returns
Q1 2007		
Q2 2007	4.43	12.10
Q3 2007	13.28	27.57
Q4 2007	31.42	-11.04
Q1 2008	-5.67	-2.05
Q2 2008	-8.28	-16.96
Q3 2008	-11.57	-31.82
Q4 2008	-26.13	-3.72
Q1 2009	-3.63	21.00
Q2 2009	27.79	37.00
Q3 2009	17.21	1.44
Q4 2009	11.35	2.90



In Q2, 2007, DWSAERG gave returns of 3.94% and came down to give a return of -23.36% in Q4,2008. And it peaked in Q2, 2009 to give a return of 28.81%. The Sensex went on to give as low as 31.82% in Q3,2008. It also peaked to 37% in Q2, 2009 and came down to give a return of 2.90% in Q4, 2009 as DWSAERG. So, we can say that this fund appears to follow the Sensex with a lag of about one quarter. One has to be careful while investing in it as it is full equity.

FIDELITY FLEXI BOND FUND RETAIL PLAN GROWTH (FFBF)

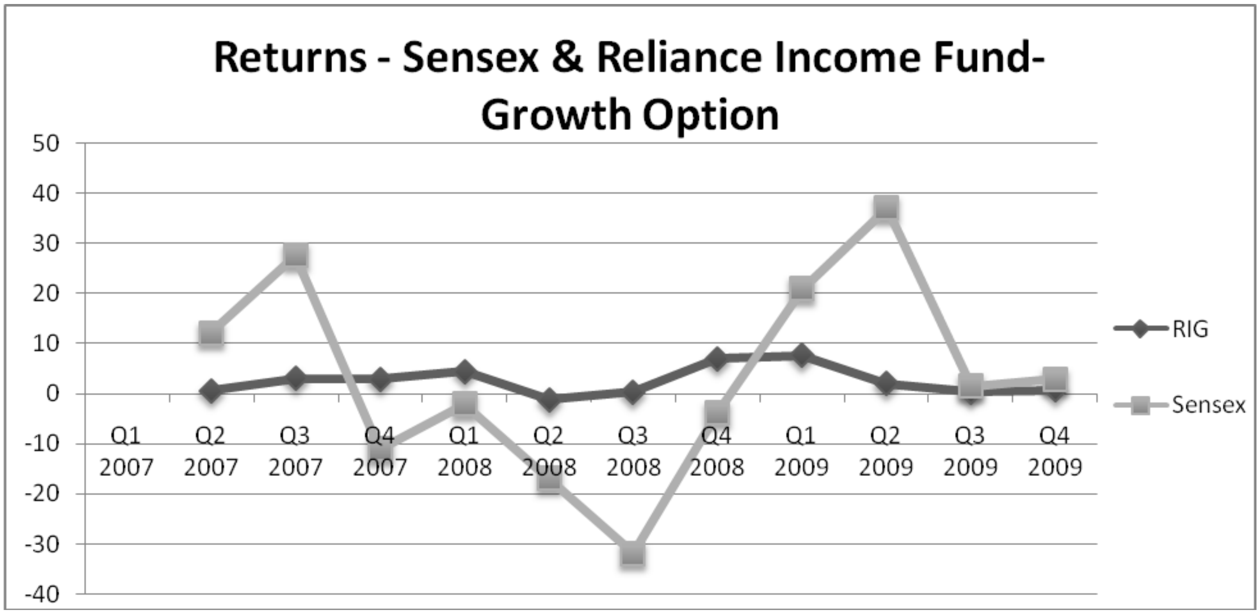
Calendar Years	FFBF Returns	Sensex Returns
Q1 2007		
Q2 2007	3.20	12.10
Q3 2007	2.33	27.57
Q4 2007	2.56	-11.04
Q1 2008	1.66	-2.05
Q2 2008	1.73	-16.96
Q3 2008	1.16	-31.82
Q4 2008	3.00	-3.72
Q1 2009	3.26	21.00
Q2 2009	2.82	37.00
Q3 2009	-0.08	1.44
Q4 2009	0.40	2.90



The Sensex was giving a return of 12.10% in Q2,2007 and it went on to give as low as 31.82% in Q3,2008. It rose to 37% in Q2, 2009 and came down to give a return of 2.90% in Q4, 2009. FFBF gave proper security and never gave nagative returns except -0.08% return in Q3, 2009. So, it is a perfectly stable fund.

RELIANCE INCOME FUND- GROWTH OPTION (RIG)

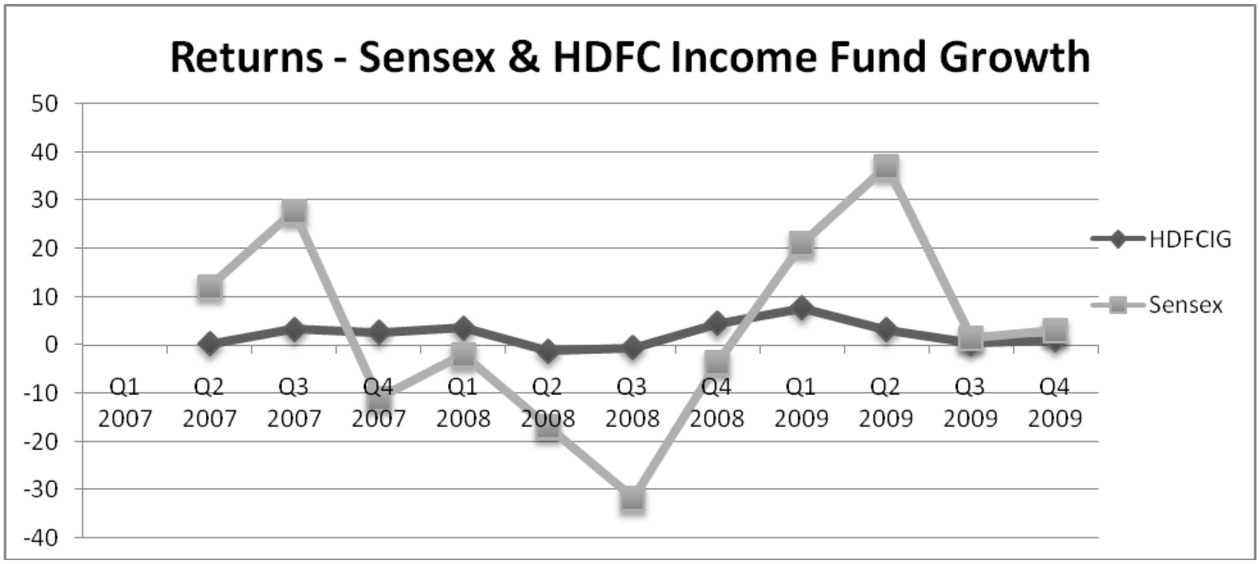
Calendar Years	RIG Returns	Sensex Returns
Q1 2007		
Q2 2007	0.65	12.10
Q3 2007	3.00	27.57
Q4 2007	2.96	-11.04
Q1 2008	4.45	-2.05
Q2 2008	-1.20	-16.96
Q3 2008	0.31	-31.82
Q4 2008	7.03	-3.72
Q1 2009	7.66	21.00
Q2 2009	2.00	37.00
Q3 2009	0.30	1.44
Q4 2009	0.70	2.90



The above chart clearly depicts that the Sensex is highly volatile than RIG. RIG is giving somewhat stable returns for the past 3 years ranging from 7.66% to -1.20%. But the range of Sensex returns has been 37% to -31.82%. Both are giving same returns in the last quarter of 2009.

HDFC INCOME FUND- GROWTH OPTION (HDFCIG)

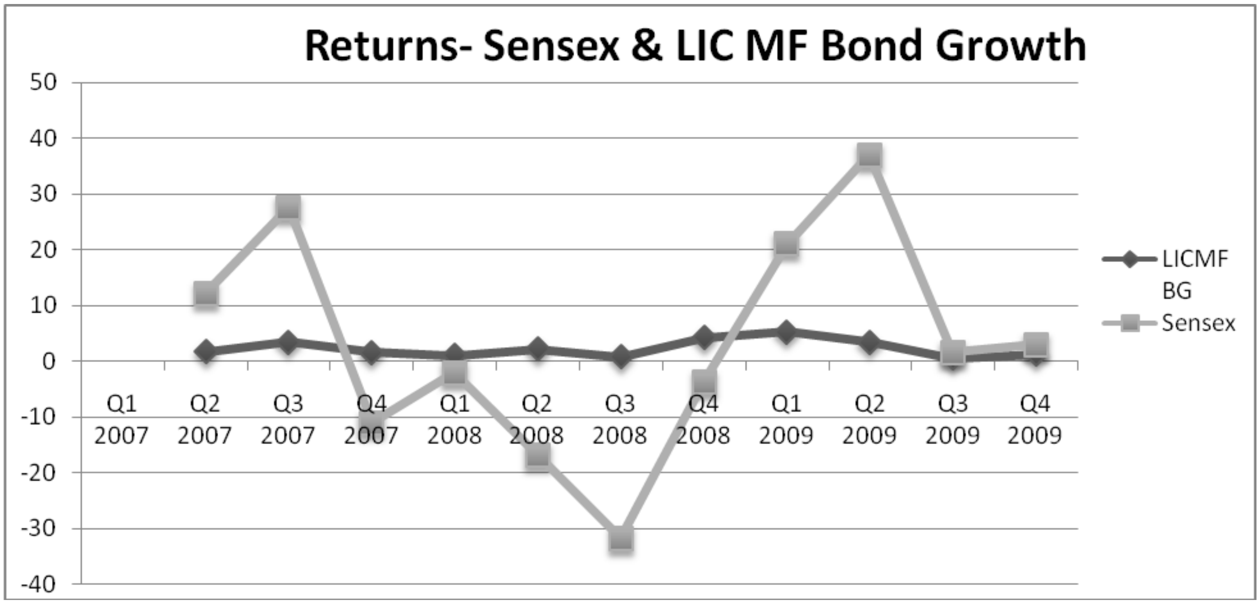
Calendar Years	HDFCIG Returns	Sensex Returns
Q1 2007		
Q2 2007	0.24	12.10
Q3 2007	3.24	27.57
Q4 2007	2.68	-11.04
Q1 2008	3.51	-2.05
Q2 2008	-1.20	-16.96
Q3 2008	-0.61	-31.82
Q4 2008	4.46	-3.72
Q1 2009	7.63	21.00
Q2 2009	3.17	37.00
Q3 2009	0.34	1.44
Q4 2009	1.01	2.90



The above chart clearly depicts that the Sensex is highly volatile than HDFCIG. HDFCIG is giving somewhat stable returns for the past 3 years ranging from 7.63% to -1.20%. But the range of Sensex returns has been 37% to -31.82%. Maybe due to recession, there is a negative trend in returns of the Sensex. Both are giving same returns in the last quarter of 2009.

LIC MF BOND- GROWTH OPTION (LICMFBG)

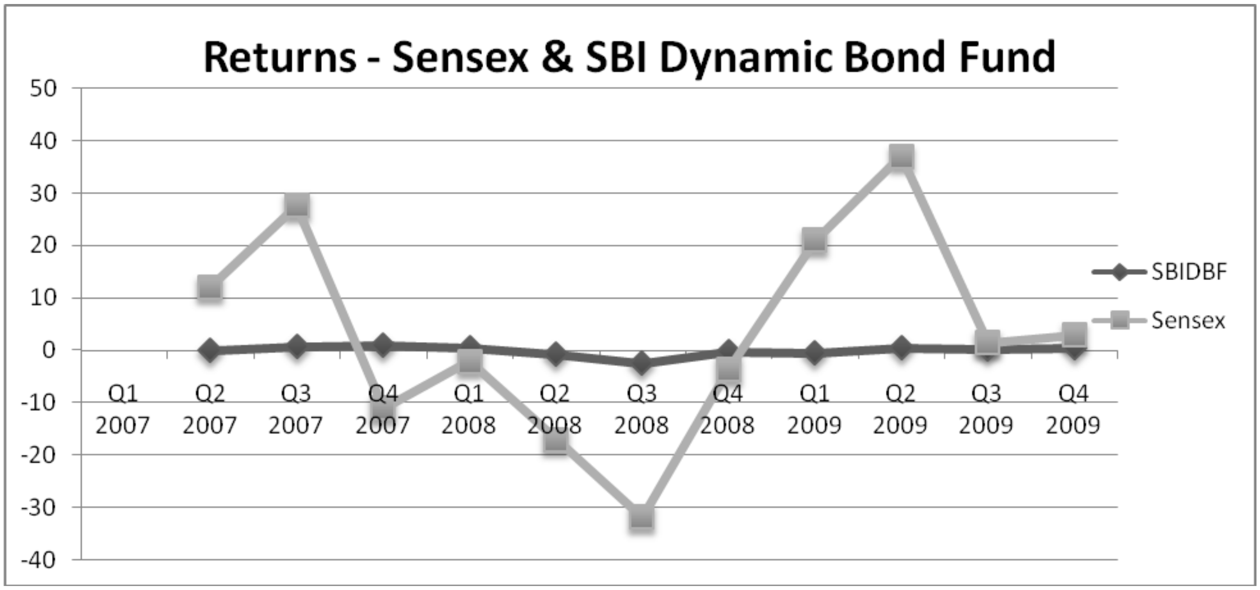
Calendar Years	LICMFBG Returns	Sensex Returns
Q1 2007		
Q2 2007	1.81	12.10
Q3 2007	3.46	27.57
Q4 2007	1.62	-11.04
Q1 2008	1.13	-2.05
Q2 2008	2.23	-16.96
Q3 2008	0.73	-31.82
Q4 2008	4.19	-3.72
Q1 2009	5.28	21.00
Q2 2009	3.45	37.00
Q3 2009	0.60	1.44
Q4 2009	1.18	2.90



The Sensex was giving a return of 12.10% in Q2,2007 and it went on to give as low as 31.82% in Q3,2008. It rose to 37% in Q2, 2009 and came down to give a return of 2.90% in Q4, 2009. LICMFBG gave somewhat constant returns. It was not at all affected by the recession and also was not volatile.

SBI DYNAMIC BOND FUND (SBIDBF)

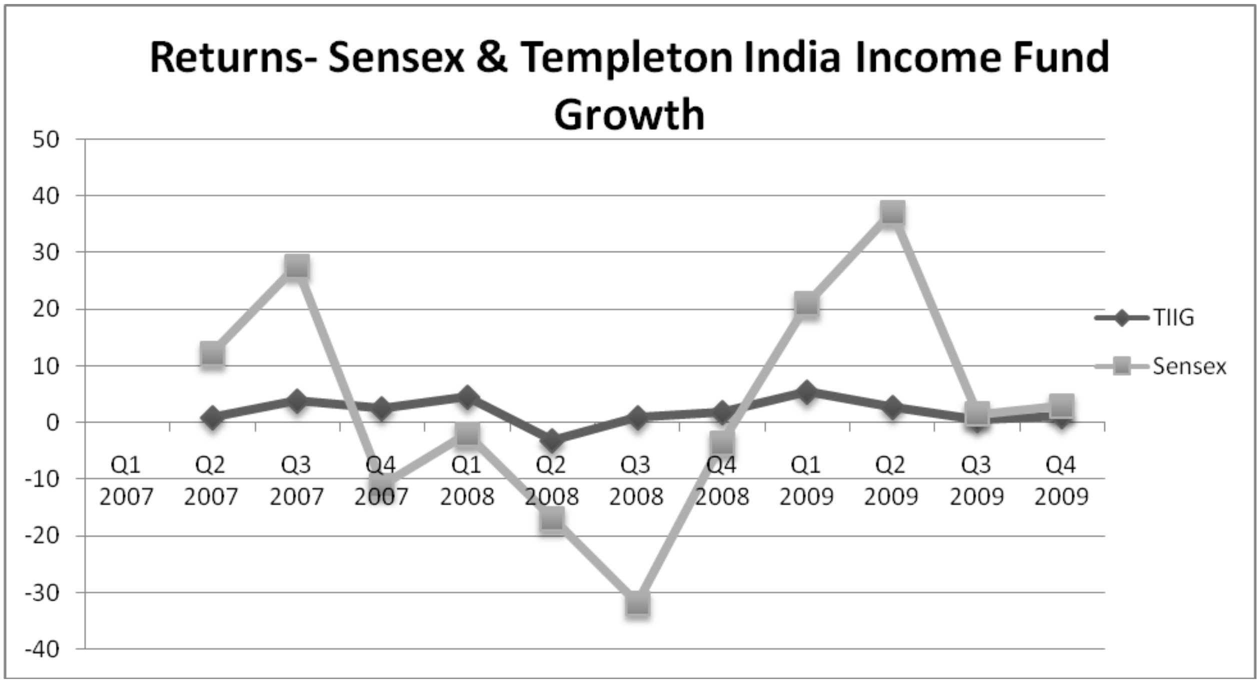
Calendar Years	SBIDBF Returns	Sensex Returns
Q1 2007		
Q2 2007	0.00	12.10
Q3 2007	0.75	27.57
Q4 2007	1.02	-11.04
Q1 2008	0.64	-2.05
Q2 2008	-0.73	-16.96
Q3 2008	-2.49	-31.82
Q4 2008	-0.28	-3.72
Q1 2009	-0.38	21.00
Q2 2009	0.48	37.00
Q3 2009	0.28	1.44
Q4 2009	0.47	2.90



SBIDBF gave somewhat constant returns. It was not at all affected by the recession and also was not volatile. It gave returns ranging from 1.02% to -2.49%. The Sensex was giving a return of 12.10% in Q2,2007 and it went on to give as low as 31.82% in Q3,2008. It rose to 37% in Q2, 2009 and came down to give a return of 2.90% in Q4, 2009.

TEMPLETON INDIA INCOME FUND- GROWTH (TIIG)

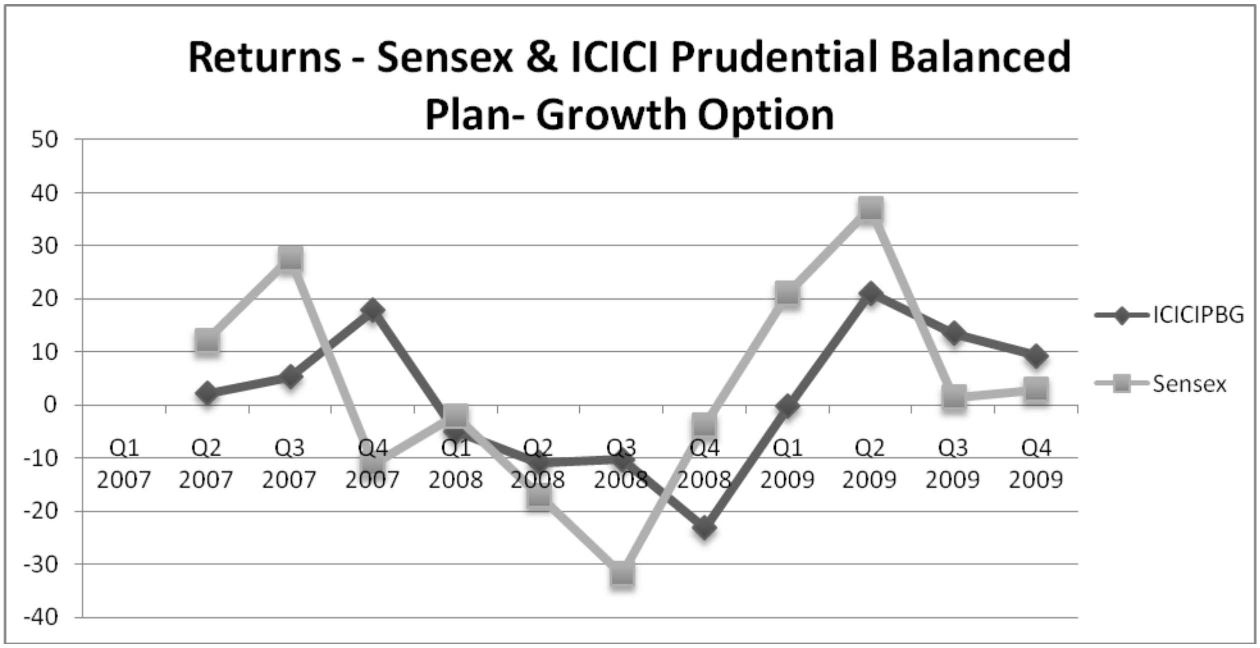
Calendar Years	TIIG Returns	Sensex Returns
Q1 2007		
Q2 2007	0.82	12.10
Q3 2007	3.83	27.57
Q4 2007	2.50	-11.04
Q1 2008	4.47	-2.05
Q2 2008	-3.20	-16.96
Q3 2008	0.79	-31.82
Q4 2008	1.78	-3.72
Q1 2009	5.40	21.00
Q2 2009	2.73	37.00
Q3 2009	0.49	1.44
Q4 2009	1.19	2.90



Again a debt fund shows stability. TIIG gave a return in the range of -3.2% in Q2,2008 and 5.4% in Q1,2009. So, the security of investment was high, risk was less as this fund is less volatile than Sensex.

ICICI PRUDENTIAL BALANCED PLAN- GROWTH OPTION (ICICIPBG)

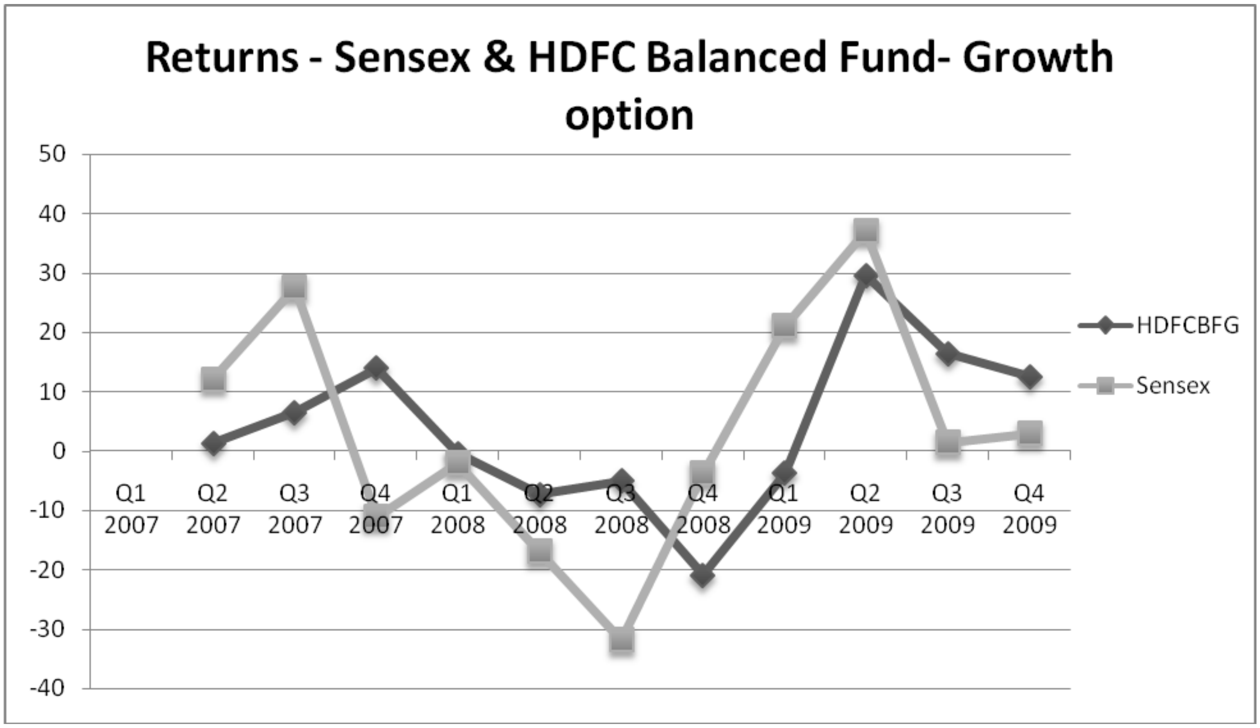
Calendar Years	ICICIPBG Returns	Sensex returns
Q1 2007		
Q2 2007	2.17	12.10
Q3 2007	5.27	27.57
Q4 2007	17.85	-11.04
Q1 2008	-4.89	-2.05
Q2 2008	-10.76	-16.96
Q3 2008	-10.20	-31.82
Q4 2008	-23.07	-3.72
Q1 2009	-0.16	21.00
Q2 2009	21.15	37.00
Q3 2009	13.49	1.44
Q4 2009	9.28	2.90



Both are having similar trends in each quarter. Like for Q2 and Q3 2007, both were having positive returns. ICICIPBG appears to follow the Sensex with a lag of about one quarter. But due to recession, Sensex started falling. But ICICIPBG didn't fall as much as Sensex as its lowest return was -23.07% in Q4,2008. But, Sensex went down upto -31.82%. In Q1,2009, both of them started giving positive returns and peaked during Q2. But the rate of returns are now falling more for Sensex.

HDFC BALANCED FUND- GROWTH OPTION (HDFCBFG)

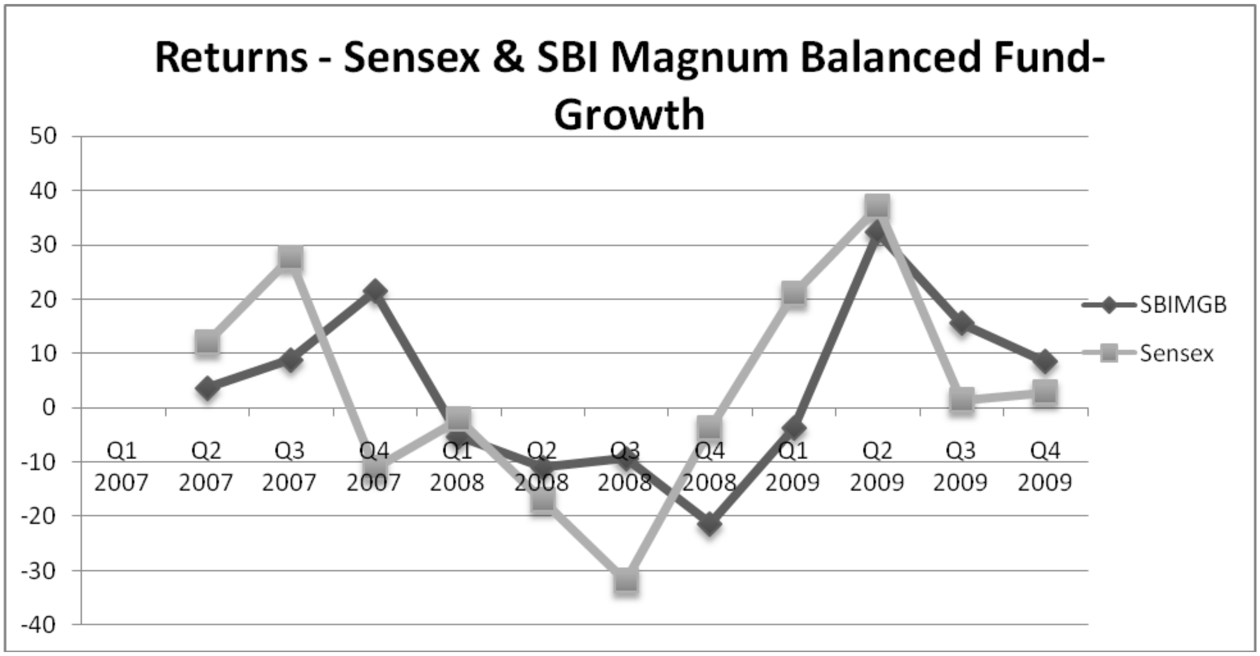
Calendar Years	HDFCBFG Returns	Sensex Returns
Q1 2007		
Q2 2007	1.20	12.10
Q3 2007	6.40	27.57
Q4 2007	13.94	-11.04
Q1 2008	-0.45	-2.05
Q2 2008	-7.33	-16.96
Q3 2008	-5.09	-31.82
Q4 2008	-20.97	-3.72
Q1 2009	-3.80	21.00
Q2 2009	29.61	37.00
Q3 2009	16.42	1.44
Q4 2009	12.55	2.90



In Q2 and Q3 2007, both were having positive returns. But due to recession, Sensex started falling. HDFCBFG appears to follow the Sensex with a lag of about one quarter. But HDFCBFG didn't fall as much as Sensex as its lowest return was -20.97% in Q4,2008. But, Sensex went down upto -31.82%. In Q1,2009, both of them started giving positive returns and peaked during Q2. But the rate of returns are now falling more for Sensex. So, there was a very high volatility seen in the returns from Sensex.

SBI MAGNUM BALANCED FUND- GROWTH FUND (SBIMGB)

Calendar Years	SBIMGB Returns	Sensex Returns
Q1 2007		
Q2 2007	3.57	12.10
Q3 2007	8.86	27.57
Q4 2007	21.46	-11.04
Q1 2008	-5.26	-2.05
Q2 2008	-10.92	-16.96
Q3 2008	-9.42	-31.82
Q4 2008	-21.40	-3.72
Q1 2009	-3.78	21.00
Q2 2009	32.30	37.00
Q3 2009	15.60	1.44
Q4 2009	8.45	2.90



The Sensex went on to give as low as 31.82% in Q3,2008. It rose to 37% in Q2, 2009 and came down to give a return of 2.90% in Q4, 2009. In Q2, 2007, SBIMGB gave returns of 3.57% and came down to give a return of -21.40% in Q4,2008. SBIMGB appears to follow the Sensex with a lag of about one quarter. Both have peaked in Q2, 2009 to give similar returns. The only change in trend is seen in Q4, 2007.

CALCULATION OF ALPHA, BETA, STANDARD DEVIATION AND SHARPE INDEX

Types of Mutual Funds	Names of MFs	BETA	ALPHA	STANDARD DEVIATION	SHARPE INDEX
Equity Funds	UTIEF	0.37	3.32	15.80	0.21
	LICMFEG	0.44	1.89	20.84	0.10
	REG	0.38	2.28	16.05	0.14
	DWSAERG	0.38	3.31	17.56	0.19
	HDFCEG	0.46	4.07	20.06	0.22
	FEFG	0.47	2.70	17.68	0.17
Debt Funds	HDFCIG	0.07	2.00	2.58	0.38
	SBIMGB	0.41	2.23	15.74	0.15
	SBIDBF	0.03	-0.11	0.97	-1.31
	RIG	0.04	2.39	2.86	0.45
	FFBF	0.02	1.93	1.13	0.66
	TIIG	0.06	1.68	2.34	0.27
Balanced Funds	ING BF	0.35	1.86	15.09	0.12
	LICMFBAL	0.25	1.57	14.78	0.08

	ICICIPBG	0.33	0.74	13.44	0.04
	HDFCBFG	0.33	2.77	13.82	0.19
	FTIBF	0.36	2.02	13.51	0.15
	SBIMGB	0.41	2.23	15.74	0.15

INTERPRETATION OF BETA

It is interesting to note that the value of the Beta of all the funds is less than 1. That indicates that these funds are less volatile compared to market i.e. BSE Sensex. The funds having very low Beta i.e. less than 0.1 are RIG, HDFCIG, SBIDBF, LICMFBG, FFBF and TIIG. Most of them are debt funds i.e. having higher exposure in debt and it can be inferred that they are stable funds. Therefore, they give stable returns over a period of time. LICMFBAL has a value of Beta between 0.1 and 0.3. So, this fund will be more volatile than debt funds as its portfolio has equity component also. In private, public and foreign mutual funds, the effect of management of funds is observable through the value of Beta in case of equity funds as between REG & HDFCEG in case of private funds, between LICMFEG & UTIEF in case of public funds and between FEFG & DWSAERG for foreign funds. It can be said that fund managers do have a role to play in controlling the volatility of funds where the exposure to equity is high. FEFG has the highest Beta with 0.47.

INTERPRETATION OF ALPHA

The zero value of Alpha indicates that the fund is performing as predicted by Beta, while the positive value indicates that it is performing better than the prediction by Beta & vice versa, in case of the negative value of Alpha. In our study, all funds except one have positive Alpha. This shows that these funds are performing better than the predicted performance by their respective Beta. SBIDBF is having a negative Alpha, i.e. its actual prediction is worse than its prediction. That means it will not be possible to calculate its minimum assured returns.

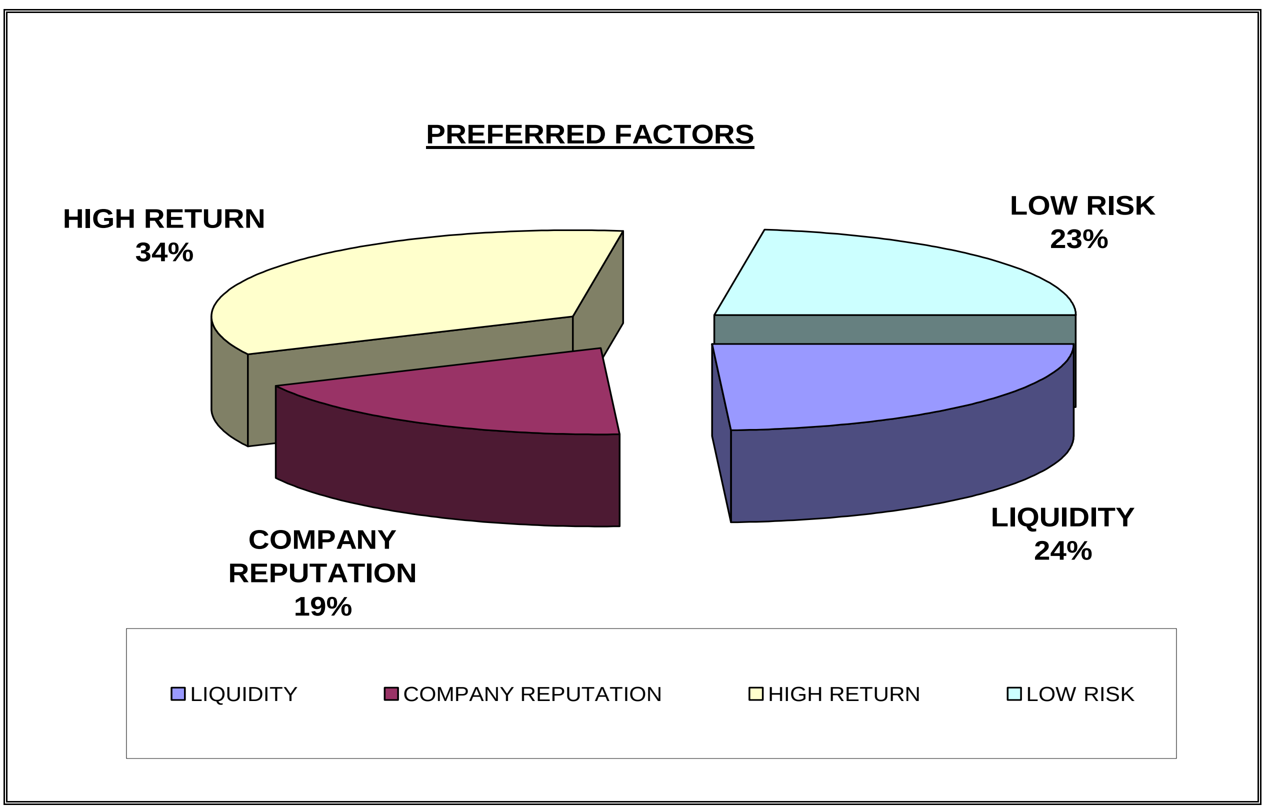
INTERPRETATION OF STANDARD DEVIATION

The Standard Deviation measures the actual volatility in returns. Therefore, it will follow the trend of Beta, which is used to predict performance. This trend is observable in the above table.

INTERPRETATION OF SHARPE INDEX

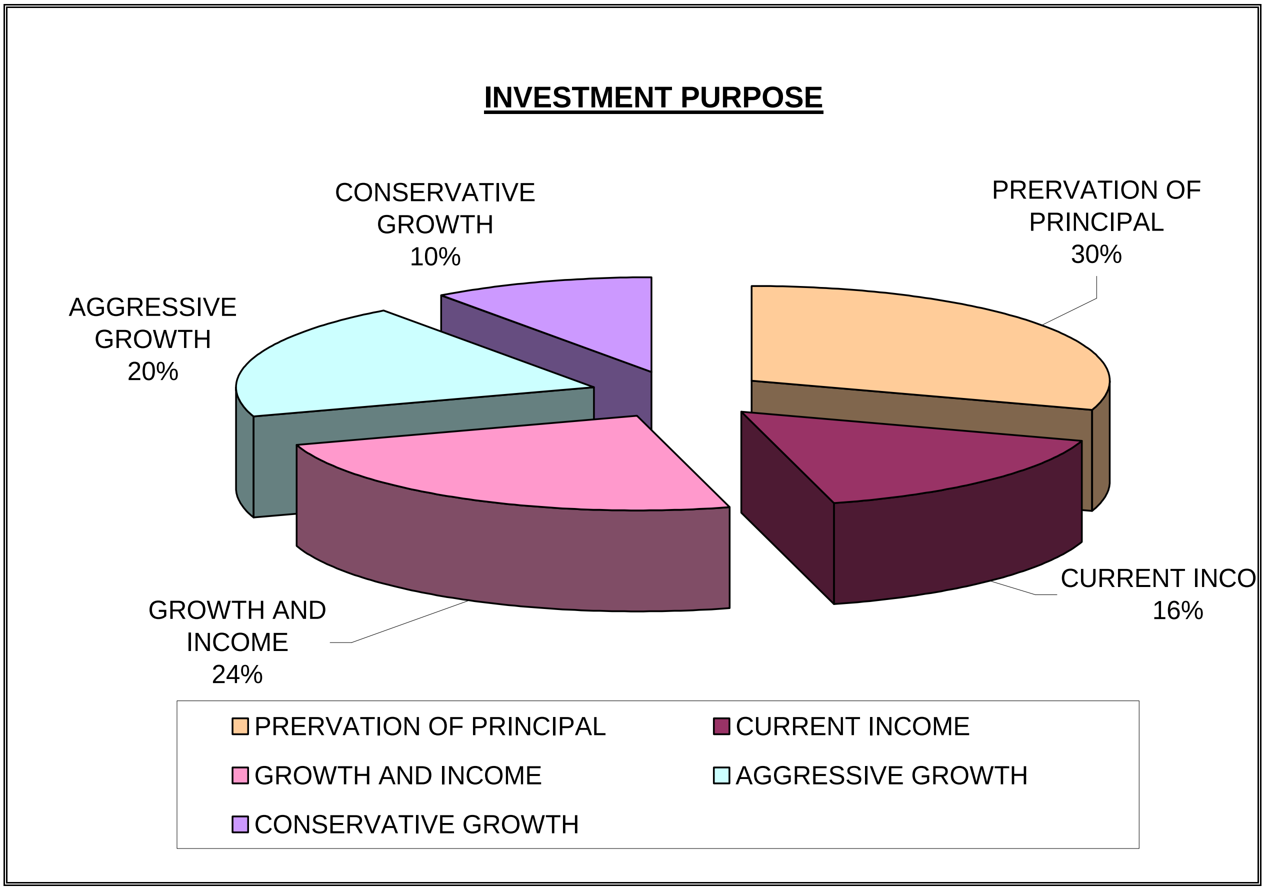
The Sharpe ratio tells us whether a portfolio's returns are due to smart investment decisions or a result of excess risk. This measurement is very useful because although one portfolio or fund can reap higher returns than its peers, it is only a good investment if those higher returns do not come with too much additional risk. The greater a portfolio's Sharpe ratio, the better is its risk-adjusted performance. We observe from the above table that Sharpe Index is higher for LICMFBG & FFBF. Both of these funds have very low Beta and Standard Deviation. This means that they are giving stable returns over a period of time. The very low values (less than 0.1) of Sharpe Ratio are for ICICIPBG & LICMFBAL. Their Standard Deviation is on higher side indicating a higher volatility. Fund managers should restructure the portfolio to reduce the volatility and to provide a stable performance. The only one fund i.e. SBIDBF has negative Sharpe Ratio indicating that the investors will not be interested to invest in this fund compared to a risk free asset. Fund managers should analyze the portfolio thoroughly and come up with a good solution to provide returns higher than the risk free asset.

PRIMARY ANALYSIS BASED ON QUESTIONNAIRE



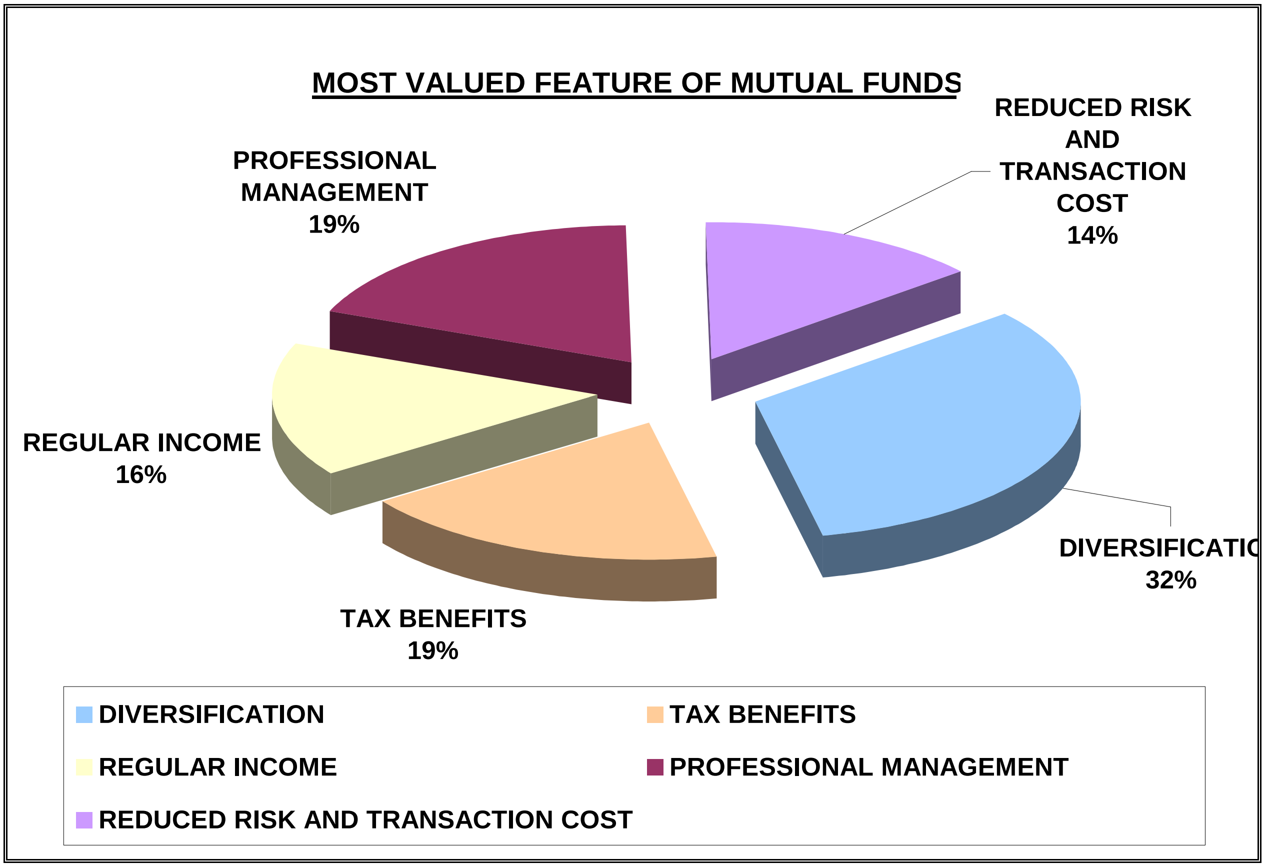
It's clearly shows that as there are different classes of investors investing in mutual funds, in the same way they have different preferred factor which are considered while investing in mutual funds. Clearly most of the investors prefer funds with high returns but among others are the low risk, liquidity and company reputation with more or less same preference.

PURPOSE FOR INVESTMENT IN MUTUAL FUNDS



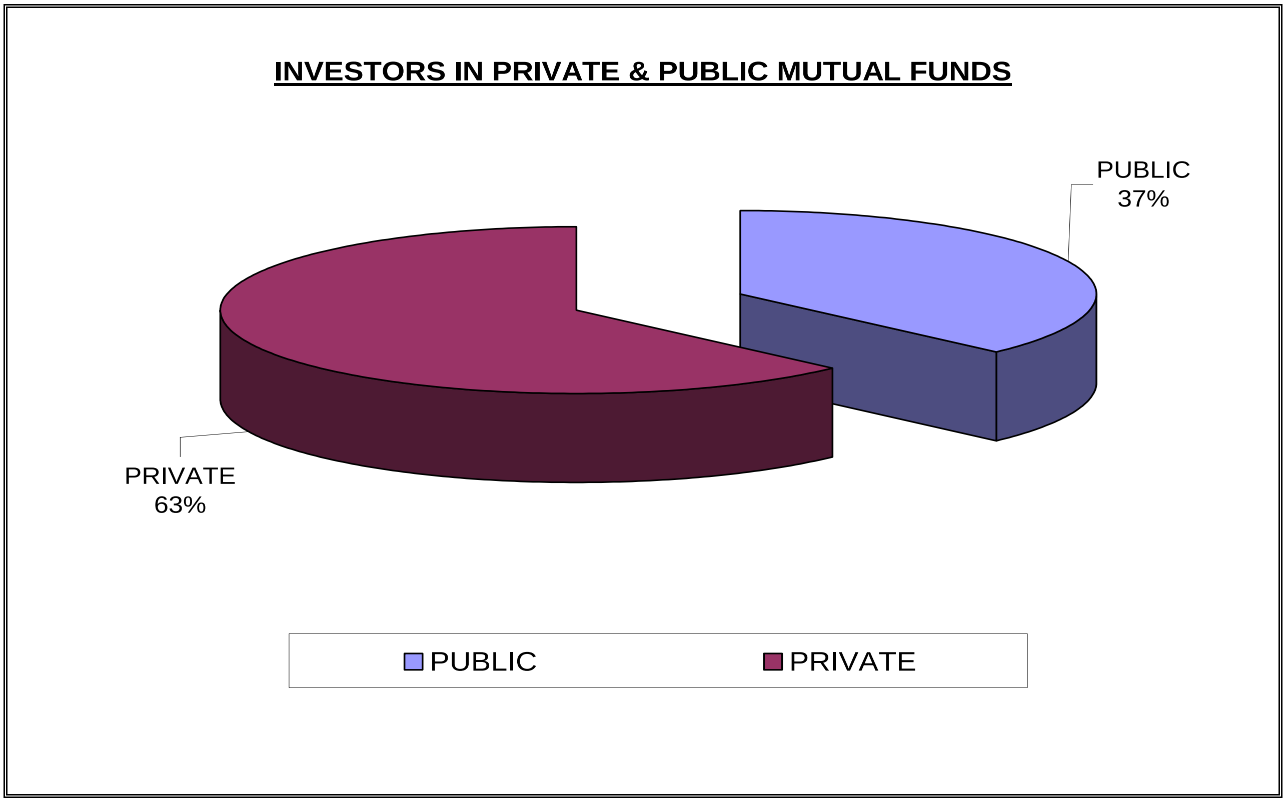
By these results, it was concluded that most of the investors want a cover for their principal invested. These investors prefer capital protection funds. There was also substantial sum of investors who were looking for growth & income and aggressive growth. Most of such investors would like to pool their money with aggressively managed funds and equity oriented balanced funds. They may also consider sector funds which have high volatility but at the same time can also generate above normal profits.

MOST VALUED FEATURES OF MUTUAL FUNDS



This figure shows that the most preferred feature of mutual fund is what it is known most for- Diversification. Mutual funds are believed to provide wide diversification and as a result of this reducing risk of market force and volatility. Second most preferred factor is the tax benefits. This is the factor which is taking huge sum of saving from households in to the market for the purpose of tax benefits. It also gives higher returns than other market instruments. Professional and efficient management of funds by experienced fund managers also influence the fund flow towards mutual funds.

INVESTOR'S PREFERENCE ACROSS PUBLIC AND PRIVATE MUTUAL FUNDS



This figure shows the distribution of investors across public and private mutual funds. There are few public mutual funds in India with UTI being the biggest of them all. Investors prefer private when it comes to mutual funds and it is because of their brand and excellent past record although Sebi says that past performance should not be a measure of future returns.

CONCLUSION

- All the funds are less volatile compared to the Sensex as indicated by the value of Beta less than 1.
- The differences in the performances of these funds are because of the skills of the fund managers.
- The variation in the beta of balanced funds was because of their orientation towards equity or debt. More of the equity component means higher beta.
- In private, public and foreign mutual funds, the effect of management of funds is observable through the value of Beta in case of equity funds as between REG & HDFCEG in case of private funds, between LICMFEG & UTIEF in case of public funds

and between FEFG & DWSAERG. It can be said that fund managers do have a role to play in controlling the volatility of funds. FEFG has the highest Beta with 0.47.

- Equity funds prove to be highly volatile when compared to debt funds as they are directly linked to Sensex.
- Debt funds prove to be the most stable funds in the mutual fund market and best for risk averters.

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4D International Journal of Management and Science
ISSN No: 2250-0669
@4D Crossconnect.com, Inc, 2012
www.4dinternationaljournal.com
Vol. 2, Issue 2, 2012

EMPLOYEE PASSION INDICATIVE COUNT™ IDENTIFYING AND BUILDING PASSION AT HCL…

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ABSTRACT

This article talks about the concept of **"Moving beyond Engagement"** in an organization, it deals with the idea of Employee Passion as a step beyond Employee Engagement. It is a description of how HCL as a company has transformed the very thread of imagination by going beyond employee engagement to a concept that was much unknown to the world of corporate uptill now. It talks about exploring the world of PASSION and making it possible through an initiative called **EPIC** (Employee Passion Indicative Count™). A tool that helps the employees identify their top five passion indicators and also help them with an extended report on how to leverage those passion indicators both within and outside the organization. The conceptualization, implementation and drive of the initiative have been a great breakthrough in the history of an IT industry. Though its maturity as a complete HR Initiative is being tested in the organization through various post EPIC interventions but it is a challenge for the people who are driving it to live upto it. These people are up for this challenge and to bring out the best collaboration of HR and Business Teams to "Create a Passionate HCL".

Keywords: *Employee Passion Indicative Count, Employee Engagement, Individual Passion, Employee Productivity, Employee Development and Employee Retention*

Reference for Abbreviations:
EPIC: Employee Passion Indicative Count ™
PEET: Post EPIC Effectiveness Tracker
LOB: Line of Business

INTRODUCTION

In these dynamic times of multifold market demands and changing employee aspirations, many organizations are struggling with the idea of utilizing the true engagement of their employees to their advantage. Many of them say that "People are our biggest assets". But how many times have they thought of an initiative that will transform the way they function and the way they think in the direction of employee engagement. How many times have they actually taken an infallible action and intervention that continues to address the real calling of employees in an organization?

Perturbed by these thoughts HCL asked itself a few important questions that would act as a basis to all the action it needed, "Why is it so that when an individual enters an office or organization he actually hangs his "coat" outside i.e. the real individual doesn't walk into the office; the person walking into the office leaves his emotions behind, he leaves his true self outside and he works like a robot and goes back.

This led to the question that what could be done for the employees in this scenario to know the level of engagement and how best can they be adhered to the organization. Moreover since every individual is unique, what drives him/her is also different. HCL realized how critical it was to identify what drives each HCLite in order to uphold the individual's identity and engagement level.

Realizing truely that EMPLOYEES are its assets, HCL asked itself a few more questions like "How much has it invested in its employees? It also tried to understand "Does the down fall in the passion levels of an employee actually affect the employee engagement, retention and performance? In effect to this, starting from 2009, HCL has been constantly exploring the relationship between **Passion & Productivity, Passion & Performance, and Passion & Retention** with an aim to realize employee aspirations, creating a workforce whose desires match with that of the organizations.

In this paper we will talk about the concept of moving beyond engagement by HCL that got triggered in 2009, the practices that HCL followed, the outcomes it received as a result and the key observations on the DNA of the organisation. It also talks on the various types of action planning done in the organisation to ensure a happy, productive and a passionate HCL. While the practice of employee engagement is pretty famous and prevelant in many organisations, the practice of PASSION as a key element in the making of employees is a breakthrough whose challenge has been taken by HCL only.

THE ORIGIN AND CONCEPT OF EMPLOYEE ENGAGEMENT:

William Kahn, psychologist, was one of the early researchers to define the concept of employee engagement. According to Kahn (1990), engagement was, "the harnessing of organisation members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances". According to Kahn, personal engagement takes place when an employee encounters meaningfulness, safe social climate and the availability within their employment. Kahn based his study of engagement on Erving Goffman's role theory where Goffman (1961) defined engagement as the "spontaneous involvement in the role'' and a "visible investment of attention and muscular effort''. Today's business success depends on the human resource or the knowledge worker. Kahn's theory on employee engagement enabled organizations identify to what degree employees are attached to their role. It also examined to what extent they considered the execution of their workplace tasks to be more than just a role. Employee engagement studies over the years have attempted to answer the fundamental question that each organisation and management asks itself - Are my employees engaged? What can I do to engage them? Growing emphasis on providing the best customer experience has led organizations to focus even more on the role of the human resource. Organizations today view employee engagement as an added competitive advantage linking employee performance directly to the bottom line.

MOVING BEYOND EMPLOYEE ENGAGEMENT: THE HCL WAY

In order to venture into a domain that masters engagement HCL thought of going beyond it and by stepping into a sphere that is ours, yours and everybody's…Yes it's the domain that is ever growing and palpable. **PASSION.** A concept that is larger than life, an attribute that differentiates the extraordinary out of the ordinary and a topic that has been talked off by many great personalities." It is an energy that is transformed into a possible solution for all who seeks one answer. The question may be anything; the situation may be any but only one answer that suffices - PASSION. It is a common thread between all the achievers, champions and aspirants of this world. HCL has gone onto a journey to "Create a Passionate HCL", a place where passionate individuals form passionate teams and hence a Passionate HCL. These employees are accountable employees who also create an ecosystem wherein the customers become passionate too about the type of value creation they expect from the service industry. The ultimate motto of going beyond employee engagement is to transform the conventional thinking of engaging an employee to developing the whole individual through identifying his/ her passion and also to link this to the business of HCL. Because a happy employee is most likely to be responsible for a Happy Customer.

BUT THE QUESTION IS "WHY PASSION?"

The organization's vitality and employee happiness is gaining much precedence over anything when we talk about employee engagement. The concept of Passion is all encompassing as it entails the various facets of a person's well-being. Many organizations like Gallup, IBM, Mckinsey, Zappos etc. have enabled its employees towards well-being and motivation and hence creates a workforce that is enthused and Happy. Research has clearly shown that a passionate person: 1. lives longer, 2. are healthier, 3. is happier, 4. is more productive at work and 5, is more reproductive (can reproduce passion in others). This will hold true even in scenarios where things are not going the expected way. The fact that you know what drives you will help tackle difficult situations accordingly, and in turn perform better.

At HCL, we believe that every individual is unique and can create a "WOW" if we can the tap the true passion indicators and help them leverage the same in their daily life. That is why Passion comes into play and helps each individual to diagnose, act and leverage its true strength. It's an energy that grows if you are willing to fuel your own flame, it is an ever increasing domain and a living reality for many who have had already reaped the fruits by their passion and hard work.

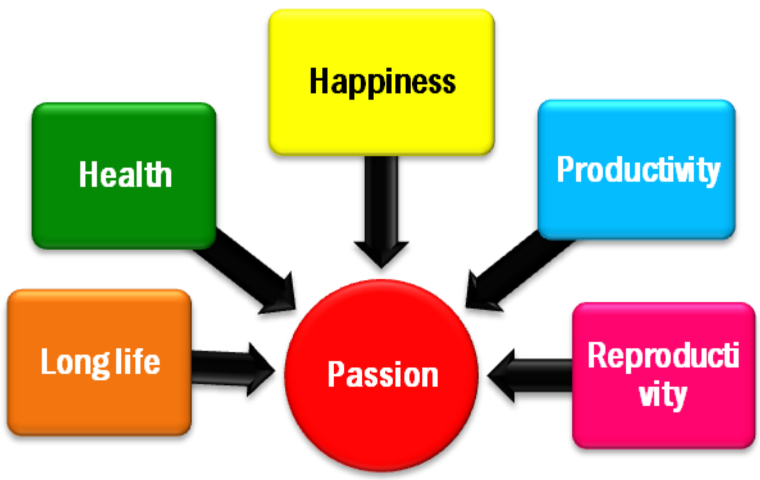
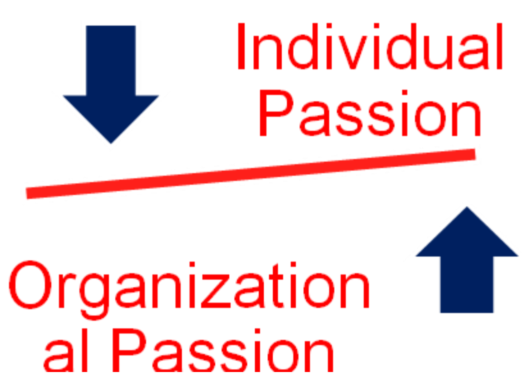


Fig. Multiple benefits of PASSION

EMPLOYEE PASSION AT HCL:

It's the collective energy of both the organization's and the individual's passion working together to bring out the best within the employee and the organization

When Individual Passion (a positive inner drive that an individual brings on the table to realize the personal and professional goals) coalesces with Organizational Passion (that encourages and recognizes individual's passion and channelize and maximize it to bring out the best), Employee Passion is developed



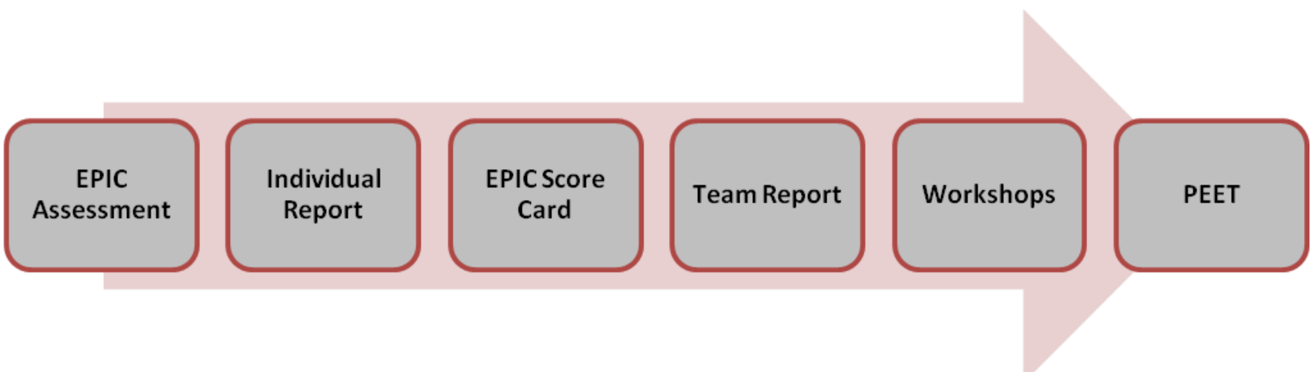
HOW DOES HCL IDENTIFY THE PASSION OF ITS EMPLOYEES?

HCL identifies the Passion of its employees through **Employee Passion Indicative Count™ (EPIC),** a self-assessment tool that identifies the Top 5 Passion Indicators i.e. all those factors that drives an individual to excel. It also assesses the intensity of Passion on 15 Passion Indicators and gives an understanding of how an individual can leverage them at the workplace through the Individual Reports.

This is the third year of EPIC (since its inception in year 2009) launch and now it has been developed as an yearlong intervention that strives to achieve high **Employee Engagement, Employee Productivity, Employee Development and Employee Retention**. It aims to build an organization that has passionate employee, passionate teams and passionate customers, an organization that rears Passion as strategic differentiator to increase profits, margins, revenues and productivity of the company.

HOW DOES HCL BUILD PASSION?

BY MAKING EPIC AN YEARLONG INTERVENTION…



EPIC as an yearlong intervention begins with an online assessment that helps the individual to identify his/her top five passion indicators. This is followed by facilitating employees with their EPIC Individual Reports (51,656 Individual Reports generated during EPIC 2011) that showcase their Top Five Passion Indicators, Dominant Passion Themes, and Level of Passion, Phase they are entering in terms of growth, sleeping and thinking along with an extensive Action plan to leverage the same both within and outside the organization. The **EPIC Individual Reports** are made available in a downloadable PDF Format to all the employees.

This is followed by extensive **EPIC Team Reports** that are generated for managers which help them understand the DNA of their teams. Workshops on the theme "Creating Passionate Teams" are held for managers and HR team in which they are given the 'know –how' on building passion and productivity through various team interventions and action planning skills. The managers then taken appropriate action on the basis of the concerns and other features like top passion indicators of the team that emerges out as a result of their reports. Then they conduct interventions with individuals and teams in order to ensure that their passion and development is enhanced day by day.

EPIC focuses on **Action Orientation** through a platform called **Post EPIC Effectiveness Tracker (PEET)** that allows the managers to register the development interventions they conduct for their teams. It is a tool that measures and tracks the actions taken up by the managers towards team development. It is basically a mechanism to track and ensure the action at every level in the organization. The process starts with the managers reading their team report and understanding the DNA of their teams and also understanding the grass root problems of the team. They then plan various types of interventions for their Teams and conduct them. This is followed by registering the interventions on PEET by filling details of the intervention in a user friendly and extensive form. The access of the PEET reports is also provided to the employee facing HRs of the company so that they can track their progress in terms of team development, team passion enhancement and also a general boost in the motivation of the Teams

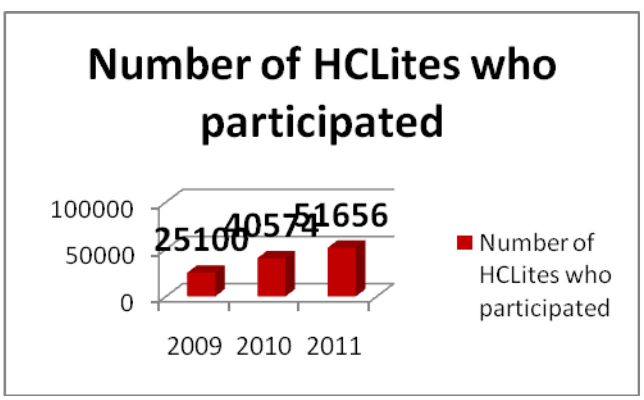
**Apart from all this, the year round engagement is kept alive throughout the year via various internal platforms such as Passion Club, Passion Wall, HCL MEME (HCL's Internal Social Networking platform) group Passionate HCLites : the Differentiators etc. Because we believe that once we create communities of passion, we will be able to run self-run, self-governed and self-structured organization.*

A Quick look at some interesting numbers:

Passion Stories at Passion Club: More than 323 stories
Members in" Passionate HCLite: The Differentiator" Group at HCL MEME: 1132
EPIC Moments on Passion Wall: More than 5000 posts

ANALYZING THE RESULTS: THE HCL DNA

In the year 2011 ***51,656*** employees participated in EPIC. The participation data has increased tremendously year on year; the last three year's status since the time of its inception is mentioned below:



An exhaustive and **Metagranular Analysis** of the **EPIC 2011** participation data of the organization has brought out the following TOP **FIVE PASSION** Indicators of HCL:

1	**Customer centricity**
2	**Altruism**
3	**Autonomy**
4	**Diversity**
5	**Training & Learning**

True to its Employees First Customers Second Philosophy, has provided a platform to the HCLites where they can identify, build and know how to leverage their true Passion. It's a bearing and quite a correlation that employees feel really passionate about their customers with **Customer Centricity being their Top passion indicator. They are getting an environment where they can create value for the customers. Analysis reveals that HCLites believe in achieving customer delight. They would not hesitate in walking an extra mile to maintain good customer relationships.

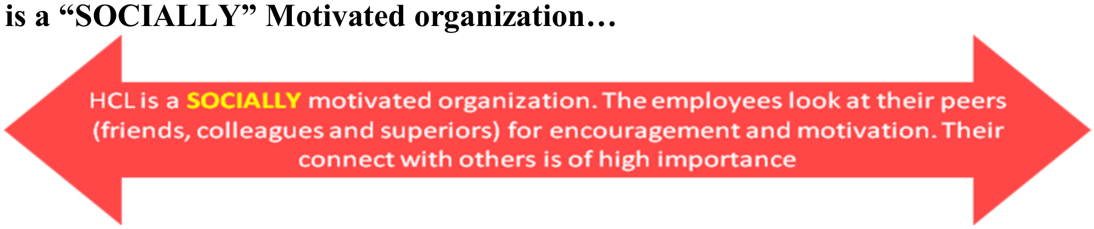
The second top passion indicator indicates that HCLites are helpful and do well for the well being of other employees without thinking about any personal benefit. They like to be there for others without really expecting anything in return. There has been a significant increase in the number of CSR initiatives like Power of One, DAAN that inspires HCLite to leverage their social responsible behaviors and interests.

The third top passion indicator indicates that employees like to work without much interference and prefer to operate and take decisions on their own. They appreciate an environment where management trusts them and provides considerable freedom. They completely own the task assigned to them and ensure that it is executed from start to finish.

The fourth top passion indicator indicates that the employees love meeting new people and networking all across. They respect individual similarities and differences. Variety excites them and they are open to thoughts that force them to think in a different direction.

The fifth top passion indicator indicates that the employees continuously look forward to upgrade their competencies (knowledge, skills and behavior) that help them grow as an individual & as better professionals

HCL's is a "SOCIALLY" Motivated organization…

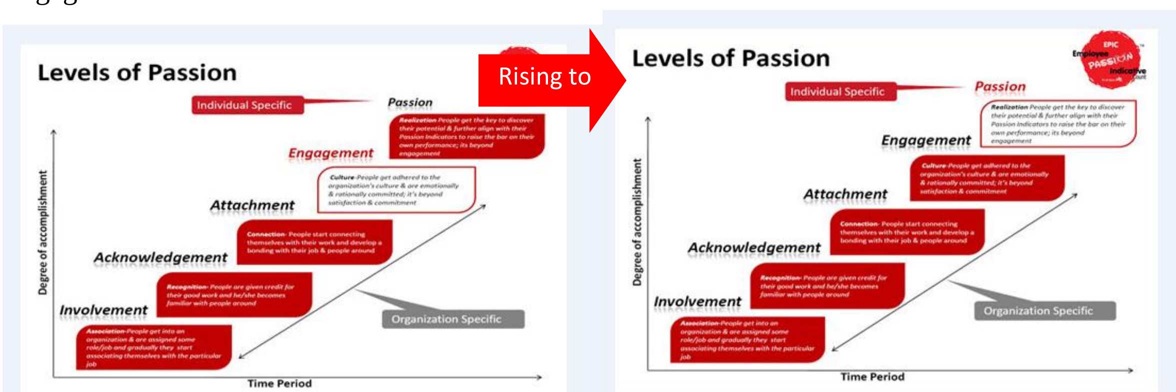


Note: In EPIC, the tool is based on 15 Passion Indicators which are divided into three themes i.e. Self, Secular and Social.

SELF: People whose passion theme is SELF look within for motivation. They find reason and strength to achieve a goal without any external influence on them.
SECULAR: People whose passion theme is SECULAR are motivated when they receive the required support, recognition and growth from their organization. The organization's activities largely influence their overall performance.
SOCIAL: People whose primary theme is SOCIAL look at their peers (friends, colleagues and superiors) for encouragement and motivation. Their connect with others is of high importance.

MOVEMENT ON LEVEL OF PASSION MODEL FROM LAST YEAR TO THIS YEAR:

HCL has a level of Passion model which is based on five levels of Passion. Every individual gets to see in his/ her report which level is he / she lying on after taking the EPIC assessment. It is an indication of the intensity of Passion of an employee in an organisation. This year (2011) HCL has moved from Engagement level to Passion Level.



Key observation: 57% employees are lying at Passion level. These employees get the key to discover their potential & further align with their Passion Indicators to raise the bar on their own performance

INFLUENCE OF PASSION ON GENDER:

Key observation: Out of 51656 employees who have participated in EPIC 2011 at HCL, 38742 Male employees have participated while 12914 Female employees have participated:

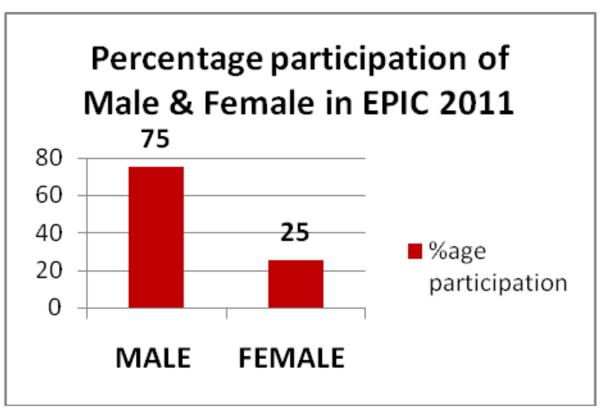


Fig. Percentage Participation of Male/ Female

An exhaustive and Metagranular Analysis of the EPIC 2011 participation data of the organization has brought out the following TOP FIVE PASSION Indicators MALE & FEMALE employees of HCL:

S.No	MALE	FEMALE
1	Customer centricity	Customer centricity
2	Autonomy	Altruism
3	Altruism	Diversity
4	Diversity	Task variety
5	Task variety	Autonomy

Fig. Top Five Passion Indicators of Male/ Female

Key observations:

1. The top five passion indicators are same; only the priority changes for each of them.

2. **Altruism** is the second top Passion Indicators of **Female employees,** this indicates they are helpful and do well for the well being of other employees without thinking about any personal benefit. They like to be there for others without really expecting anything in return. There has been a significant increase in the number of CSR initiatives like Power of One, DAAN that inspires them to leverage their social responsible behaviors and interests.

3. **Autonomy** is the second top Passion Indicator of **Male employees**, they like to work without much interference and prefer to operate and take decisions on their own. They appreciate an environment where management trusts them and provides considerable freedom. They completely own the task assigned to them and ensure that it is executed from start to finish

Dominant Theme	
MALE	**FEMALE**
Social	Self

Fig. Dominant Themes of Male/ Female

Key observation:
Very interestingly the dominant theme of **MALE** employees is **Social** while of **FEMALE** is **Self.** Male employees look at their peers (friends, colleagues and superiors) for encouragement and motivation. Their connect with others is of high importance for them. While female employees look within for motivation. They find reason and strength to achieve a goal without any external influence on them. This is very startling fact because unlike the perception which sees females as mainly being affected by cultural and societal factors, at HCL women employees have made their way through self motivation and emerged as passionate employees.

INFLUENCE OF PASSION ON GENERATION!

Employee base these days majorly comprises of GEN-Y, and hence the new and improved workplace calls for more transparency in its functions, higher specializations, and is competitive as well as collaborative. Workplaces are now flat and lean. The new workplace today faces a challenge of information overload, rising individual aspirations and changing customer expectations. Advances in technology have made the workforces virtual, making time zones and national boundaries irrelevant. Social networking is the "new normal" of the younger generation. Online networking and sharing of ideas and thoughts is the "in-thing". This gives them a chance to network, not only nationally but also at a global level. Changing workplace demographics have contributed to increasing conflict in the expectations of employees.

The Gen Y workforce seeks attentive, collaborative, inclusive workplaces. Rising employee aspirations have also contributed to the growing dissatisfaction at work. Workers today demand more meaningful work that fulfils their personal goals and desires. The thin line between personal and professional worlds has eroded with workers bringing their dreams to the workplace, expecting the organisation to play a role in enabling them achieve their goals. It is interesting to note, however, that this young workforce is not "workplace ready". The number of qualified youth in the country is high.

However, their workplace aspirations are often misplaced. Many of them follow the "herd mentality" and either tag along with friends or choose greener pastures. This is where quality of work suffers and organizations finally realize that they have the wrong person in the wrong job. The younger generation wants to understand what they are doing and why they are doing it. They are eager to understand the dynamics in organizations, are far better informed, and have access to information at a faster pace. They have options to choose from and opportunities galore! Globalization and the move toward a one world economy is getting closer and the youth are driving this change rapidly. With all this, it is important, that the right people are in the right job - that the young workforce and those hiring them know what drives them.

KEY OBSERVATION FROM EPIC 2011:

GEN Y (born between 1981- 2000) leads the wagon by 68% participation in EPIC 2011followed by **GEN X** (born between 1965-1980) with 57% participation, this is followed by **Baby Boomers** (born between 1946-64) with 33% participation. This is a trend that demonstrates the level of acceptance and interest that each of these categories of employees have in identifying their Passion.

EPIC AND ACTION PLANNING AT THREE LEVELS:

1. **Action planning at an Individual Level:** Continuously connecting with employees (51,656 EPIC Participants) with an E- Campaign, making them aware of a step by step process of utilizing their reports and chart out their own individual action plans, encouraging them to discuss their reports with their managers, and their managers to have one on one dialogue with the employees, address their concerns individually. Engaging employees throughout the year through various contests, games, quizzes etc. and also by leveraging the platforms like PASSION Wall, Passion Club & Passionate HCLite: The Differentiator (MEME Group).

2. **Action planning at a Team Level:** We are training managers on "How to create a Passionate Team" where we make them understand the utilization and interpretation of their reports, enabling them with "EPIC Guidebook For Managers ", Constantly encouraging managers to conduct various development interventions for their Teams and register the same on PEET (Post EPIC Effectiveness Tracker).

3. **Action planning at an organizational Level**: Creating "Management Report" (Finding the correlation of Passion with Performance, Engagement, Productivity and Attrition, highlighting the concerns, and finding the solutions) and various dashboards, sharing these with the senior management (through top-down approach) in order to ensure action at every level.

TALKING ABOUT INFLUENCE AND IMPACT OF EPIC….

This concept has been institutionalized at an organizational level at HCL through a rigorous R & D in the concerned area. EPIC unlike the employee engagement survey in which the HR pushes the employees to participate encourages voluntary participation. It was first launched in the year 2009 at HCL in which 25,100 employees participated. This participation figure jumped to as high as 40,574 in the year 2010, which then went on to a startling **51,656** in 2011. This it says a lot about the acceptance and enthusiasm among employees for this initiative. Every HCL employee was eligible to participate irrespective of the band, location, gender, line of business and time spent in the organization.

A very striking correlation between Passion and Performance at HCL has revealed that 95% of the SUPERPERFORMERS at HCL are lying at the Engagement and Passion Level.

*Unlike other organizations where such initiatives are driven by HR, HCL involved the employees in the launch as well as drive of **EPIC 2011**. An interesting campaign on **"Passion Champs"** was announced wherein employees from Delivery (Different LOBs at HCL) were invited to champion EPIC 2011. These Passion Champs were recognized via organization wide communication and rewarded by the EPIC Team. To name some are Senthil Kumaran and Mathew Paul Vizhalil who drove EPIC 2011 very enthusiastically and could bring highest participation in Chennai in their facilities, Kapil T who achieved maximum participation in his facility in NOIDA. Madhi Anand Kumar, Prankur Pruthi and Jagadeesh MM consistently involved masses, shared valuable feedbacks, passionately drove EPIC on MEME apart from driving it successfully in their facilities*

* The reason why EPIC has become a huge success within the organization and a topic of discussion outside is because it connected with the employee on a highly engaging level. Achieving a participation of 51656 employees across globe is an excellent benchmark. Employees are sure to have seen the value in it and hence participated enthusiastically. It is a wonderful way to realize how important Passion was and is to an HCL employee and how if leveraged properly could be an asset to an organization and the individual. Moreover, by

reigniting the passions of our employees and bringing them to light we have not only been successful in producing a productive workforce but also a happy one.

HCLITES ARE FOND OF EPIC…CHECK THIS OUT…

WHAT DOES OUR HEAD-HR HAS TO SAY ON EPIC…

My Passion Moment is when I see people growing, learning in teams and realizing their dreams. For me MY TEAM growing, my business growing and people learning each day is a Passion Moment. I see that happening all across the organization, top leadership, and middle level managers – and I am filled with pride and passion to take it further.

From 4,000 people to such a vast employee base – it has been a tremendous journey. When you see yourself develop on many dimensions, watch the young generation grow and succeed, the company size grow, people listen to you, world becomes curious, your customers starts talking about you words that you always wanted to hear since long.

Talking about Passion, one topic close to my heart of course is EPIC (Employee Passion Indicative Count™) – the yearlong intervention that strives to address the business challenges of employee productivity, employee development an employee engagement and employee retention.

-DK Srivastava (Corporate Vice President & Global HR Head of HCL Technologies Ltd.)

EXCERPTS FROM HCL'S INTERNAL SOCIAL NETWORKING PLATFORM, HCL MEME:

MEME is EPIC-tised, now this is how you leverage social media for optimum impact and result, congratulations Ritu Singh, Prerna, Indu Parmar.
-Vikas Singh Baghel (Deputy Manager –HR)

The questions in the EPIC assessment test were really marvelous. Enjoyed the test. As EPIC has gone live now we will PASSION flowing across employees.
-Ravindrakumar Singh Rajput (Lead Engineer)

I participated in EPIC and got my assessment results too..Its really great..Good that HCL has this to encourage its employees
-Ibrahim Mohammad (Software Engineer)

EXCERPTS FROM PASSION WALL (EPIC PORTAL) OF HCL:

For the five years I have spent in HCL, passion has been my driving force in trying to create a difference. With Passion, you come to work excited every day, you think of new ways of doing

things and you pave the path to excellence.
-*Nitin Pande (HCL Infra- Head HR)*

Passion is the fuel of life! It has been 13 years since I joined HCL. I have had my share of experience like others when things do not work out. However, the passion for my work and organization has kept me where I am. I have donned different roles and will continue to play different roles. Without passion the job becomes mundane and boring. It is the passion that turns a mundane job into an exciting opportunity to innovate and make a difference. EPIC allows me to quantify and reassess my passion for rest of the world. Looking forward!
-*Vijaya Pingali (Group Technical Specialist)*

Passion is that internal compass which gives you direction, motivation and conviction to move forward and act. It assures and reminds you every single day of the fact that life is full of fun, learning, disappointments and failures but it's worth every effort and action.
-*Sanjay Barnwal (Sales Director)*

I am Passionate about everything I do. Right from the time I wake up, face the challenges of the world. Learning from every bad experience and withstanding tough situations. Passion keeps me going and instills in me the confidence of a 'never say die' attitude. I have been tested in every step of my life and have answered every challenge with zeal and courage. Proving to my society that I am capable of achieving things those were never achieved before by people, and come out the best

-*Dinesh Kumar Jain Nemi Chand (Software Engineer)*

The trick is not just to feel passionately about your job, but to act passionately too. If you are passionate, you will share that passion with the others at work. Your energy can lift everyone. Even if it doesn't, you will feel great knowing you are doing something you believe in passionately.
-*Subhani Khan (Senior Software Engineer)*

LOOKING AT EPIC FROM A DIFFERENT PERSPECTIVE

EPIC and its Scalability

Every HCL employee is eligible to participate in EPIC irrespective of the designation, location, gender, line of business and time spent in the organization. Moreover the EPIC instrument is based on 15 work passion indicators which irrespective of any industry/sector (where process automation is possible) and can be replicated for any organization with a little customization.

EPIC and its Sustainability

EPIC has become a yearlong continuous process to drive Passion of each HCLite to the greatest extent possible. It starts with taking an assessment where every HCLite can participate irrespective of their age, tenure, designation, location etc. Once the reports are generated at the individual and team level, the workshops on “Creating a passionate Team”, being conducted involves the interpretation/utilization of the epic reports and lot of action planning for creating ever motivated, productive and happy teams. EPIC is sustainable as it emphasizes on the identifying a need for change for itself in an employee and then the employee follows an action , which he/she plans for itself. Passion is a concept that is more like an inner strength and drive we need to have. So the sustenance of the same is an individual's own decision.

WHAT ARE WE TRYING TO ACHIEVE THROUGH EPIC?

The vision of EPIC as an yearlong intervention is **"To Create a Passionate HCL by Creating Passionate Individuals and Passionate Teams".** This whole vision is supported by the mission of EPIC which is:

- To increase the productivity of employees
- To enhance employee engagement
- To foster the culture of self development
- To nurture the culture of team development
- To increase employee retention

OUR MESSAGE:

The greatest advantage an organization can possess is "Passion", Passion to outlive competition and emerge as an unmatchable entity. Passion is an underlying emotion that drives the employees of an organisation towards excellence. It determines the motive for each action and decision that an organization takes. Passion is a competitive advantage that cannot be bought but it needs to be leveraged by all of us. It can only be nurtured and fueled by the organization and its employees.

Linking Purpose with Passion gives full shape and life to an individual & an organization that is self sustaining and holds an environment where the extraordinary emerges from the ordinary. We are Passionate and have taken the challenge to create a difference, HAVE YOU?

About the authors

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Ritu Singh is currently Assosiate Manager-HR at HCL Technologies Ltd.; she has been involved in EPIC since its inception. She is an enterprising and inspiring professional who aspires to play a strategic role in the field of Human Resource Management and transform the organization through her dedication, professionalism, expertise and passion.

Prerna (Executive-HR at HCL Technologies Ltd.)

Prerna is currently Executive-HR at HCL Technologies Ltd., she has been involved in this project since beginning 2010. She is an energetic professional and loves to explore various opportunities where she can contribute and build a strong career in management.

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4D International Journal of Management and Science
ISSN No: 2250-0669

www.4dinternationaljournal.com
Vol. 2, Issue 2, 2012

DEVALUATION OF THE US DOLLAR AND ITS IMPACTS ON INDIAN ECONOMY

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ABSTRACT

This paper examines some of the consequences of the devaluation of the US dollar and its effects on Indian economy. The problems and opportunities emerging from the present devaluation of the dollar are analyzed. It is concluded that the new rupee rate, implying $3.7 per cent revaluation against the US dollar, is likely to affect Indian exports. On the other hand, the total costs of our imports are likely to increase due to the substantial devaluation of dollar. Our trade balance may, therefore, actually show unfavourable change in the short run. This leads to the need for vigorous measures at promoting our exports. In view of the fact that many developing countries who are our competitors in the US market are likely to go along with the devaluation of the dollar by the same amount, we cannot afford to revalue the rupee substantially against the dollar. We should wait and see the experience of the floating pound sterling and the performance of the dollar in the near future and also know more about the exchange rate decisions of our major competitors in trade before fixing the new parity of the rupee in terms of gold to serve our national interest in the best possible manner.

***Keywords**: Devaluation, Indian Economy, Floating Exchange Rate, Depreciation, Recession*

INTRODUCTION

It becomes very common to read about devaluation of currency. Even though many of us still don't know the difference between devaluation and depreciation of currency. Let's start with understanding of these two terms .The active decision of a government to reduce the value of its own currency vis-à-vis other currencies is known as devaluation. Devaluation occurs exclusively in fixed currencies, when the currency in question is pegged to another currency. Whereas fall in the value of a currency in a floating exchange rate due to supply and demand side factors leads to depreciation of currency. For example, the dollar has depreciated in value against the Euro during the last 12 months. This is due to market forces; there is no fixed exchange rate target for Euro to Dollar.

Now the million dollar question comes why any country like U.S go for devaluation of their currency. What are the benefits of depreciation? Let's start with economic growth point of view. If the dollar becomes weaker; exports become cheaper leading to an increase in demand for US exports. This can help to increase Aggregate demand and improve the rate of economic growth

Secondly The US has a large current account deficit (7% of GDP) therefore a devaluation will help to improve and reduce the current account deficit. However, devaluation alone is unlikely to solve the problem. Also, there is evidence that demand for exports and imports is relatively inelastic; therefore, any devaluation will have a small impact on the value of exports and imports. It is argued that the fundamental reason for a deficit is the low levels of domestic savings and consequently high levels of consumer spending.

It is argued that devaluation reduces the incentive, for manufacturers and exporters; to cut costs and become more efficient. However, the impact of devaluation depends on the state of the economy. The US economy is slowing down which finally reduce the inflationary pressures.

This may be important, because problems in the US housing market are threatening the rate of economic growth. Falling house prices are potentially reducing consumer spending, therefore, a rise in exports could help to boost economic growth and prevent any move towards a recession. Consequently high levels of consumer spending.

Also rising house prices have been a key factor in maintaining consumer spending in recent years. The level of personal debt amongst US consumers is at another all time high. The ratio of consumer debt to disposable income has risen very fastly. Thus a fall in house prices will have a powerful knock on effect on the rest of the US economy as consumers struggle to refinance and meet levels of debt. Another consequence of this high level of consumer debt is that the US economy will be particularly sensitive to any rise in interest rates. Higher interest rates would be one solution to a falling currency and may be necessary to attract investors to finance America's trade deficit. Although the prospect of the Fed raising interest rates is remote at the moment. Continued falls in American dollars would cause a rise in the long term interest rates on American Securities.

DISADVANTAGES OF DOLLAR DEPRECIATION

Till now we have seen some of the advantages of dollar depreciation now we will look at some of the disadvantages of dollar depreciation. Firstly depreciation may cause inflation in near future Increase in exports causes rising AD and therefore could lead to demand pull inflation. American consumers would definitely experience a rise in price for imported manufactured goods and imports of raw materials could increase costs of business.

Secondly many countries are not happy that the US dollar is the dominant reserve currency. Countries have so many reserves in dollars, but they see these reserves falling in value because of the weak dollar. Therefore, they want to diversify which is why dollar is falling and gold price is going up. Thirdly there have been reports Arab countries are considering dropping the dollar as the main currency for trading oil. If this occurs, then there will be less need for dollars as countries use other currencies. This would hasten the demise of the Dollar as a global currency. Last but not least for a long time, the US maintained a powerful economic and political hegemony. But, the US economy is being eclipsed by China and other emerging economies. Also, the Euro provides a real alternative to the dollar. The ECB seem much more committed to low inflation and stability of the Euro which makes it more attractive.

However some economists argue that prospects for the dollar may not be as bad as some predict. Firstly in an era of globalization and deregulated financial markets, trade deficits are not as difficult to finance as they used to be. Empirical evidence suggests that trade deficits are very unreliable as a guide to exchange rate movements. Firstly one of the few countries with a current account surplus is Japan. Their current account surplus has been growing and yet the Yen is one of the few currencies to have fallen against the dollar. Secondly although American growth is slowing at the moment it is not doing much worse than the EU and Japan economies. The gap in interest rates between the 2 economic areas is still only about 2%. If there are good reasons for the dollar's weakness there are less good reasons for the strength of the EURO. Also some American economists such as Ben Bernanke of the Federal Reserve remain optimistic about the state of the US economy arguing growth is only marginally below trend rate.

However it is important not to underestimate the importance of general market sentiment regarding the American economy. Political problems such as in Iraq have to an extent undermined America's standing as a leader of the World in both an economic and political sense. For 50 years America has been the undisputed global economic superpower, but slowly perceptions are changing that the era of the dollar may be coming to an end. As people switch out of dollars it could create a powerful multiplier effect as investment bankers are reluctant to hold onto their dollar assets. America to a large extent can't avoid a period of adjustment as it seeks to deal with its triple deficits, trade deficits with the rest of the world, consumer debt, and US government debt. Whether the period of adjustment is gradual or painful will depend upon 2 things. Firstly how significant will be the fall in US house prices and consequent fall in consumer confidence. Secondly it will depend on the attitude of Asian bankers, in particular the Chinese. Since they hold so many $ assets they may try to manage a gradual devaluation, a continuation of the past 5 years. However if the dollar does lose its status as the reserve currency of the world, there could be a growing stampede as America's creditors seek to cash in their cheques. This would exacerbate the fall of the dollar, causing real economic hardship for America and the rest of the world. The only thing for sure is that European consumers are likely to be get some real bargains from shopping in America for the considerable future.

DEVALUATION OF DOLLAR AND ITS EFFECTS ON INDIAN ECONOMY

Indian economy is among the fastest growing economies of the world. The appreciation of the rupees against the dollar would be another giant sign towards its economic prosperity and augmentation. However, the economic epidemics like poverty, unemployment etc could not be dealt in the short-run.

The appreciation of the rupees will help the economy in many ways. There will be positive impact on importers and negative impact on the exporters. Let's evaluate the possible impact of the devaluation of dollar and appreciation of rupees on the export & import in India. The dollar has been the popular medium of foreign exchange for a long time. Most of the payment for the export or import is made through dollar. The devaluation of the dollar will have a positive impact on the importers, while it will have adverse effect on the exporters. Importers of goods and services will be getting the goods and services by paying less, as they used to pay 47 rupees against one dollar, now they will be paying around 39 to import the same. The exporter will be getting their return in dollar at the cost of 39 rupees per 1 US dollar, whereas they used to get around 47 rupees against one dollar. The difference in the previous and present exchange would have high impact if the volume of exchange is in millions of rupees or dollars. This reveals that positive or negative impact on volume of export or import would be greater, which cannot be over looked as the exporters are suffering losses, whereas importer are on gain. However the impact will remain until there is depreciation of dollar against rupees. If it continues, then a great change can be expected on a long run in international trade arena. Another impact would be the fantasy of dollar has been losing ground day by day. Analyses made it clear that earlier people were fascinate about dollar due to its value against Indian rupees. But the scenario has completely changed. Those, who were planning to move to US for job, now might plan to settle in Britain. The appreciation of the rupee will have a positive impact, whereas in the global economy the Yen, Euro and other currencies would find place in the foreign exchange race. At the international level, the sliding dollar will have huge impact as it is the global player despite all the hiccups. Finally it would worthwhile to say - depreciation of dollar: a million rupees question.

ADVANTAGES OF THE RISING RUPEE

Foreign debt service: Appreciation of the rupee helps in easing the pressure, related to foreign debt servicing (interest payments on debt raised in foreign currency), on India and Indian companies .With Indian companies taking advantage of the United States soft interest rate regime and raising foreign currency loans, known as external commercial borrowings (ECBs), this is a welcome phenomenon from the point of view of their interest commitments on the loans raised. This will help them avoid taking a bigger hit on their bottom-line, which is beneficial for its shareholders.

Outbound tourists/student bonanza: The appreciating rupee is a big positive for tourists traveling or wanting to travel abroad. Considering that the rupee has appreciated against the US dollar, traveling to the US is now cheaper by a similar quantum in rupee terms. The same applies to students who are still in the process of finalizing their study plans abroad.

Government reserves: Considering that the government has been selling its stake aggressively in major public sector units in the recent past, and with a substantial chunk of this being subscribed by FIIs, the latter will have to invest more dollars to pick up a stake in the company being divested, thus aiding the governments build up of reserves.

DISADVANTAGES OF THE RISING RUPEE

Exporters' disadvantage: The exporters are at a disadvantage owing to the currency appreciation as this renders their produce expensive in the international markets as compared to other competing nations whose currencies haven't appreciated on a similar scale. This tends to take away a part of the advantage from Indian companies, which they enjoy due to their cost competitiveness. However, it must be noted that despite the sharp currency appreciation in recent times, Indian exports have continued to grow.

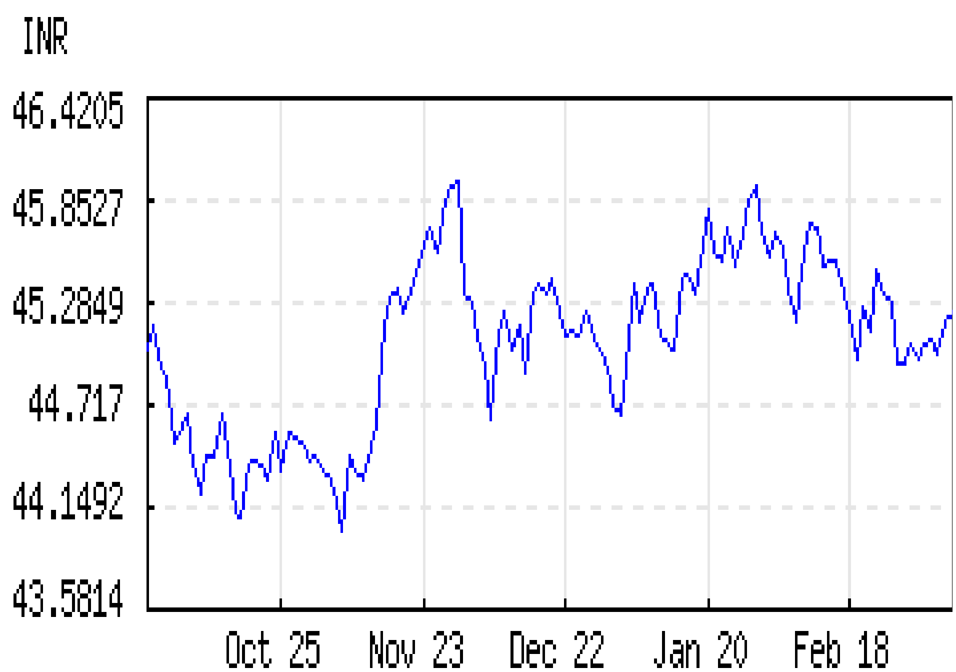
Dollar denominated earnings hurt: The strengthening rupee has an adverse impact on various companies/sectors, which derive a substantial portion of their revenues from the US markets (or in dollar denominations). Software and BPO are typical examples of the sectors adversely impacted by the appreciation of rupee.

EXCHANGE RATE GRAPHS (AMERICAN DOLLAR V/S INDIAN RUPEE)

Indian Rupees to 1 USD

latest (Mar 11)
45.24

120 days



lowest (Nov 5)	**highest** (Nov 30)
44.0216	45.9609

[Source: www.x-rates.com]

INTERPRETATION

The above exchange rate graph shows the comparison between U.S dollar and Indian Rupee starting from Sept 24th, 2010 to March 14th 2011. We calculate the exchange rate between

Indian rupee v/s dollars for 120 days. The highest it went on 45.960 against dollar in Nov.2010. The main reason for this is Bullish Stock which made Indian rupee strong compare to dollar. Indian shares rose 0.8 percent in early trade, with Reliance Industries and ICICI Bank leading the rise, taking cues from firm Asian markets. Secondly the strong hold of Euro against dollar. The euro struggled on Wednesday to push higher above $1.4000 against the U.S. dollar, which remained on the back foot as the Federal Reserve looked set to provide more stimuli to spur a flagging recovery. Both this attributes lead to appreciation in Indian Rupee.

Nov 5th 2010, Rupee is all time low compare to dollar i.e. 44.021. It means that dollar is appreciating against Indian rupee. Which is very good news for NRI'S. The dollar's recent strength is not a thumbs up the underlying economic conditions of the US, but, a reflection of the European and Asia slowdown.. India economy is also not doing so great but not worse compared to other countries. While Indian industries are keeping its fingers crossed for a recovery in the medium term, the moderation in growth, the continuing rise in inflation and input costs has tested the absorptive capacity of companies and any immediate hike in interest rates is bound to make the pressure insurmountable. Taking all the above into consideration, Dollar appreciation has many reasons and especially against rupees.

CONCLUSION

In recent years, the U.S. dollar has fallen in value against some other major currencies around the world. Whether this decline helps or harms the U.S. economy is a matter of perspective. Some of the effects of a weaker U.S. dollar are readily apparent to American consumers. Imported goods and services are more costly. Vacationing in Europe is more expensive. The prices of Chinese-made home appliances, German cars, and other imported goods are up. For those outside the United States, a weaker dollar means their investments in the United States lose value, because their assets are worth less when measured in their home currency. Nonetheless, in the eyes of many economists, the U.S. dollar's depreciation, or its loss of value against another currency or group of currencies, is actually a positive development. These economists believe that the more the dollar depreciates, the more it helps to alleviate one of the current account deficits.

Similarly the strengthening rupee is good or bad for economy? Well, actually both. It depends from case to case whether the appreciation of the rupee is an advantage or a disadvantage. A rising rupee helps importers to buy goods and services at a cheaper rate than earlier. It also helps in easing the pressure, related to foreign debt servicing. Whereas exporters are at a disadvantage owing to the currency appreciation as this renders their produce expensive in the international markets as compared to other competing nations whose currencies haven't appreciated on a similar scale. The strengthening rupee has an adverse impact on various companies/sectors, which derive a substantial portion of their revenues from the US markets (or in dollar denominations). Software sector is the best example, which is adversely impacted by this appreciation in rupee. While there are advantages as well as disadvantages of a rising rupee, one needs to understand whether the rise in the rupee is sustainable to derive any reasonable conclusion at this stage. For one, the weakness of the US dollar is largely due to the relative unattractiveness of US assets. This is mainly due to a very low interest rate regime prevalent in the US currently. Already there are indications that this low interest rate regime may not be sustainable for long. This means that US interest rates may go up and this is likely to strengthen the US dollar. Thus it is believed that the rise of the rupee may not be sustainable for long. Without waiting for long, India may have to ascertain the benefits of the appreciation.

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ANNEXURE

INDIAN RUPEES TO 1 USD

2010-09-27	Monday, September 27	45.0197	INR
2010-09-28	Tuesday, September 28	45.1597	INR
2010-09-29	Wednesday, September 29	44.9269	INR
2010-09-30	Thursday, September 30	44.8762	INR
2010-10-01	Friday, October 1	44.5002	INR
2010-10-04	Monday, October 4	44.5553	INR
2010-10-05	Tuesday, October 5	44.6698	INR
2010-10-06	Wednesday, October 6	44.3851	INR
2010-10-07	Thursday, October 7	44.215	INR
2010-10-08	Friday, October 8	44.4248	INR
2010-10-11	Monday, October 11	44.4403	INR
2010-10-12	Tuesday, October 12	44.6646	INR
2010-10-13	Wednesday, October 13	44.4763	INR

2010-10-14	Thursday, October 14	44.1203	INR
2010-10-15	Friday, October 15	44.0997	INR
2010-10-18	Monday, October 18	44.3833	INR
2010-10-19	Tuesday, October 19	44.4065	INR
2010-10-20	Wednesday, October 20	44.3698	INR
2010-10-21	Thursday, October 21	44.2951	INR
2010-10-22	Friday, October 22	44.5694	INR
2010-10-25	Monday, October 25	44.3589	INR
2010-10-26	Tuesday, October 26	44.5551	INR
2010-10-27	Wednesday, October 27	44.5352	INR
2010-10-28	Thursday, October 28	44.5046	INR
2010-10-29	Friday, October 29	44.3963	INR
2010-11-01	Monday, November 1	44.44	INR
2010-11-02	Tuesday, November 2	44.3501	INR
2010-11-03	Wednesday, November 3	44.33	INR
2010-11-04	Thursday, November 4	44.1849	INR
2010-11-05	Friday, November 5	44.0216	INR
2010-11-08	Monday, November 8	44.4205	INR
2010-11-09	Tuesday, November 9	44.3568	INR
2010-11-10	Wednesday, November 10	44.305	INR
2010-11-11	Thursday, November 11	44.4752	INR
2010-11-12	Friday, November 12	44.6211	INR
2010-11-15	Monday, November 15	45.1651	INR
2010-11-16	Tuesday, November 16	45.313	INR
2010-11-17	Wednesday, November 17	45.3733	INR

2010-11-18	Thursday, November 18	45.2297	INR
2010-11-19	Friday, November 19	45.3309	INR
2010-11-22	Monday, November 22	45.4349	INR
2010-11-23	Tuesday, November 23	45.5839	INR
2010-11-24	Wednesday, November 24	45.7081	INR
2010-11-25	Thursday, November 25	45.5671	INR
2010-11-26	Friday, November 26	45.8548	INR
2010-11-29	Monday, November 29	45.9417	INR
2010-11-30	Tuesday, November 30	45.9609	INR
2010-12-01	Wednesday, December 1	45.3423	INR
2010-12-02	Thursday, December 2	45.2946	INR
2010-12-03	Friday, December 3	45.0974	INR
2010-12-06	Monday, December 6	44.9322	INR
2010-12-07	Tuesday, December 7	44.6322	INR
2010-12-08	Wednesday, December 8	45.0972	INR
2010-12-09	Thursday, December 9	45.2429	INR
2010-12-10	Friday, December 10	45.0219	INR
2010-12-13	Monday, December 13	45.1587	INR
2010-12-14	Tuesday, December 14	44.8872	INR
2010-12-15	Wednesday, December 15	45.3323	INR
2010-12-16	Thursday, December 16	45.3822	INR
2010-12-17	Friday, December 17	45.3421	INR
2010-12-20	Monday, December 20	45.4202	INR
2010-12-21	Tuesday, December 21	45.23	INR
2010-12-22	Wednesday, December 22	45.0972	INR

2010-12-23	Thursday, December 23	45.1393	INR
2010-12-24	Friday, December 24	45.1143	INR
2010-12-27	Monday, December 27	45.2383	INR
2010-12-28	Tuesday, December 28	45.0663	INR
2010-12-29	Wednesday, December 29	45.0327	INR
2010-12-30	Thursday, December 30	44.9172	INR
2010-12-31	Friday, December 31	44.7223	INR
2011-01-03	Monday, January 3	44.67	INR
2011-01-04	Tuesday, January 4	44.9213	INR
2011-01-05	Wednesday, January 5	45.3786	INR
2011-01-06	Thursday, January 6	45.1838	INR
2011-01-07	Friday, January 7	45.3607	INR
2011-01-10	Monday, January 10	45.3818	INR
2011-01-11	Tuesday, January 11	45.0956	INR
2011-01-12	Wednesday, January 12	45.0411	INR
2011-01-13	Thursday, January 13	45.0388	INR
2011-01-14	Friday, January 14	45.4104	INR
2011-01-17	Monday, January 17	45.447	INR
2011-01-18	Tuesday, January 18	45.3385	INR
2011-01-19	Wednesday, January 19	45.5082	INR
2011-01-20	Thursday, January 20	45.8131	INR
2011-01-21	Friday, January 21	45.5775	INR
2011-01-24	Monday, January 24	45.527	INR
2011-01-25	Tuesday, January 25	45.7025	INR
2011-01-26	Wednesday, January 26	45.489	INR

2011-01-27	Thursday, January 27	45.6847	INR
2011-01-28	Friday, January 28	45.8467	INR
2011-01-31	Monday, January 31	45.9303	INR
2011-02-01	Tuesday, February 1	45.6814	INR
2011-02-02	Wednesday, February 2	45.5438	INR
2011-02-03	Thursday, February 3	45.6688	INR
2011-02-04	Friday, February 4	45.6057	INR
2011-02-07	Monday, February 7	45.3694	INR
2011-02-08	Tuesday, February 8	45.171	INR
2011-02-09	Wednesday, February 9	45.4679	INR
2011-02-10	Thursday, February 10	45.7277	INR
2011-02-11	Friday, February 11	45.6877	INR
2011-02-14	Monday, February 14	45.5	INR
2011-02-15	Tuesday, February 15	45.5204	INR
2011-02-16	Wednesday, February 16	45.5204	INR
2011-02-17	Thursday, February 17	45.3451	INR
2011-02-18	Friday, February 18	45.2	INR
2011-02-21	Monday, February 21	44.9876	INR
2011-02-22	Tuesday, February 22	45.2652	INR
2011-02-23	Wednesday, February 23	45.1322	INR
2011-02-24	Thursday, February 24	45.4679	INR
2011-02-25	Friday, February 25	45.3248	INR
2011-02-28	Monday, February 28	45.2725	INR
2011-03-01	Tuesday, March 1	44.9497	INR
2011-03-02	Wednesday, March 2	44.9497	INR

2011-03-03	Thursday, March 3	45.0426	INR
2011-03-04	Friday, March 4	44.9875	INR
2011-03-07	Monday, March 7	45.0528	INR
2011-03-08	Tuesday, March 8	45.0885	INR
2011-03-09	Wednesday, March 9	45.005	INR
2011-03-10	Thursday, March 10	45.1827	INR
2011-03-11	Friday, March 11	45.24	INR

Average: 45.066
Lowest: 44.021
Highest: 45.960
Source: www.x-rates.com

4D International Journal of Management and Science
ISSN No: 2250-0669
@4D Crossconnect.com, Inc, 2012
www.4dinternationaljournal.com
Vol. 2, Issue 2, 2012

SOCIAL MEDIA: DOORWAY TO AUGMENTED MARKETING

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INTRODUCITON

Social media marketing is vital in the twenty first century. It is the gaining traffic or attention through social media sites. Social media itself is a catch-all term for sites that may provide radically different social actions. For instance, Twitter is a social site designed to let people share short messages or “updates” with others. Facebook, in contrast is a full-blown social networking site that allows for sharing updates, photos, joining events and a variety of other activities. Social media has become a platform that is easily accessible to anyone with internet access. Increased communication for organizations fosters brand awareness and often, improved customer service.

Additionally, social media serves as a relatively inexpensive platform for organizations to implement marketing campaigns.

The key social media categories are defined below:

BLOGS:

Zarella (2010) defines a blog is a website that contains an online personal journal with reflections, comments and often hyperlinks provided by the writer. Blogs provide a variety of social features, including comments, blog rolls, tracbacks and subscriptions that make it perfect for marketing purposes. In addition, Weber (2009) explains blogs in a similar manner and states that they are online journals that can be personal or corporate, where people can post ideas, images and links to other websites.

SOCIAL NETWORKS:

Zarella (2010) describes social networks as a websites where people connect with friends, both those they know offline and those who are online-only buddies.

Boyd & Ellison (2007) illustrates as “Web based services that allow individuals to (1) construct a public or semi public profile within a bounded system (2) articulate a list of other users with whom they share a connection and (3) view and traverse their list of connections and those made by others within the system. Some famous social networks are:

MySpace - One of the first widely accepted social networks, MySpace brands itself as “A Place for Friends” Users create personalized profiles with pictures, interests, and favourite songs, and invite others to join their personal network. MySpace users access the site to search for music, old classmates, or new friends, creating a personal online community. Myspace has more than 100 million users worldwide. Myspace is localized in 30 countries and translated into 16 languages. (www.myspace.com)

Facebook- Facebook is one of the most popular social networks. Facebook currently reaches over 500 million active users. About 50% of the active users log on to Facebook in any given day and spend over 700 billion minutes per month on Facebook. Entrepreneurs and developers from more than 190 countries has built their business Platform with Facebook. Operating with a similar structure as MySpace, Facebook users create a personalized profile with pictures. Facebook also created numerous applications that users can add to their profile.

Twitter- Twitter is a real-time information network that connects you to the latest information about what you find interesting. Simply find the public streams you find most compelling and follow the conversations. Acting as a live news feed, Twitter allows users to continuously update their profile with a new line of text. Twitter is a real time short-messaging system. Twitter connects businesses to customers in real-time. Businesses use Twitter to quickly share information with people interested in their products and services, gather real-time market intelligence and feedback, and build relationships with customers, partners and influential people. From brand lift, to CRM, to direct sales, Twitter offers businesses a chance to reach an engaged audience.

LinkedIn - LinkedIn operates the world's largest professional network on the Internet with more than 100 million members in over 200 countries and territories. More than one million companies have LinkedIn Company Pages. This network allows you to connect with colleagues, clients, and potential employers to accomplish professional goals. Users create a public profile, can send and receive professional recommendations, and join groups with those of similar interests. (www.linkedin.com)

Flickr - This online photo management program allows users to store and share content while also organizing mass amounts of photos and videos. Flickr users can upload, edit, organize, and share photos. Through the creation of a profile, users can keep in touch with family and friends through their digital photos. In addition, many use this service as a web-hosting database for pictures for their website or personal blog.

SOCIAL BOOKMARKING:

Lomas (2005) defines social bookmarking is the practice of saving bookmarks to a public website and tagging them with keywords. Bookmarking, on the other hand, is the practice of saving address of a web site you wish to visit in the future on your computer.

MEDIA SHARING:

Media-sharing sites such as YouTube allow users to create and upload multimedia content. Media-sharing sites have become extremely popular as users and marketers can create videos with very little expertise and upload them to YouTube or other video-sharing sites to reach millions of users. Even though these sites include social features for members, most of the users of media-sharing sites are not members but are viewing the content. (Zarella 2010). On social photo and video sharing platforms users can upload their own videos and photos and share them with other users. Everyone or only a selected audience can see these videos/photos (Safko, 2010).

Youtube - founded in February 2005, YouTube allows billions of people to GFdiscover watch and share originally-created videos. YouTube provides a forum for people to connect, inform, and inspire others across the globe and acts as a distribution platform for original content creators and advertisers large and small. More than 13 million hours of video uploaded and 35 hours of video are uploaded every minute. YouTube is localized in 25 countries across 43 languages.

WIKIS:

Wikis are websites, which provide a database or a public document, where people can add or change content found on the website. Wikipedia the online encyclopaedia, which is probably the best known wiki, provides users with definitions and explanations in a wide variety of languages on almost every topic. Each user can share new information on the wiki or change already existing content on the page (Frey & Rudloff, 2010).

CONCLUSION:

Social Media Marketing helps websites can generate more revenue; attract more customers and escalate retention rate by engaging customers to their websites. Customers are of the opinion that 'mnemonic branding' (having website URL as firm's name) are the best tool to attract customers. Customers feel that 'promotion' activities can always help to pull customers, 'adequate bandwidth' and 'piggyback advertising' of website also act as suitable facilitators towards customer attraction.

'Lucky draws/ contests' enable user to visit website and test their luck/ skills which ultimately engage them to website. The other perceived engage tool for particular firm are 'informative and useful contents' of website, 'creative programming' which make website interesting and unique and 'transaction capabilities' which allows customers to give orders or buy/ book product or services perceived important by customers to get engage to particular business website.

'Security feature' is the main preference of customer retention. This enables them to visit website more confidently and enter their personal information and preferences freely. 'Dynamic contents' allow customer to sense better, and they required latest information in lesser time regarding the product or service. Online tracking system to get update about product and service order is the other tool which customers want to see on website. Social media, once the domain of younger, techsavvy consumers, has gradually entered the mainstream and covers a broad demographic spectrum. No longer just as a platform for friends to stay connected in real time, social media continues to grow in popularity and importance in the organizational world.

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4D International Journal of Management and Science
ISSN No: 2250-0669
@4D Crossconnect.com, Inc, 2012
www.4dinternationaljournal.com
Vol. 2, Issue 2, 2012

CHALLENGES AND OPPORTUNITIES OF MARKETING DURING RECESSION

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ABSTRACT

This paper examines the marketing challenges and opportunities during recession. In this research work, the authors have examined in detail the current economic scenarios both with in the country and outside the country to trace out the various factors which have overtly and covertly contributed towards these recessionary trends.

In light of piquant reality, the focus of the study is to underline the various pulls and pushes through which the market is undergoing and also to provide suitable courses through which the business organization should reorient their marketing operations in particular and business operations in general.

A recession is a cyclical phase when the nation's economy is slowing or it is the reduction of the Gross Domestic Product (GDP) for at least six months. The producers and consumers are the two basic people upon whom the whole economy revolves. The value of goods and services is

determined by supply and demand. In case the price is too high there will be less demand and the producer reduces the price to increase supply.

Increasing demand leads to an increase in the production thereby increased supply which in turn results in increased labor, materials and overall increase in price. Now the general feeling is good. You want to make investments and consequently the stock markets go up.

Consequently this leads to overproduction and the supply exceeds consumption. Now the attitude of the people changes to saving mentality and this can lead to a contracting economy. People spotting a negative trend on one area fear the same to happen in other areas and suddenly recession is on.

At a glance, in a market economy the market is determined by demand and competition putting it beyond any control. A government has the fiscal and monetary policies in controlling the recession. While the former is on collecting and spending money and latter on manipulating the available money. Both can either improve the situation or worsen it.

MARKETING CHALLENGES AND OPPORTUNITIES DURING RECESSION

HOW TO MARKET IN A RECESSION

The signs of an imminent recession are all around us. The spillover from the supreme mortgage crisis is weakening both consumer confidence and the consumer spending–much of it on credit– that has been buoying the US economy.

Companies should bear eight factors in mind when making their marketing plans for 2008 and 2009:

1. Research the customer.

Instead of cutting the market research budget, you need to know more than ever how consumers are redefining value and responding to the recession. Price elasticity curves are changing. Consumers take more time searching for durable goods and negotiate harder at the point of sale. They are more willing to postpone purchases, trade down, or buy less. Must-have features of yesterday are today's can-live-withouts. Trusted brands are especially valued and they can still launch new products successfully but interest in new brands and new categories fades. Conspicuous consumption becomes less prevalent.

2. Focus on family values.

When economic hard times loom, we tend to retreat to our village. Look for cozy hearth-and-home family scenes in advertising to replace images of extreme sports, adventure and rugged individualism. Zany humor and appeals on the basis of fear are out. Greeting card sales, telephone use and discretionary spending on home furnishings and home entertainment will hold up well, as uncertainty prompts us to stay at home but also stay connected with family and friends.

3. Maintain marketing spending.

This is not the time to cut advertising. It is well documented that brands that increase advertising during a recession, when competitors are cutting back, can improve market share and return on investment at lower cost than during good economic times. Uncertain consumers need the reassurance of known brands–and more consumers at home watching television can deliver higher than expected audiences at lower cost-per-thousand impressions.

Brands with deep pockets may be able to negotiate favorable advertising rates and lock them in for several years. If you have to cut marketing spending, try to maintain the frequency of advertisements by shifting from 30-to-15 second advertisements, substituting radio for television advertising, or increasing the use of direct marketing, which gives more immediate sales impact.

4. Adjust product portfolios.

Marketers must reforecast demand for each item in their product lines as consumer's trade down to models that stress good value, such as cars with fewer options. Tough times favor multi-purpose goods over specialized products and weaker items in product lines should be pruned.

In grocery-products categories, good-quality own-brands gain at the expense of national brands. Industrial customers prefer to see products and services unbundled and priced separately.

Gimmicks are out; reliability, durability, safety and performance are in. New products, especially those that address the new consumer reality and thereby put pressure on competitors, should still be introduced but advertising should stress superior price performance, not corporate image.

5. Support distributors.

In uncertain times, no one wants to tie up working capital in excess inventories. Early-buy allowances, extended financing and generous return policies motivate distributors to stock your full product line. This is particularly true with unproven new products. Be careful about expanding distribution to lower-priced channels; doing so can jeopardize existing relationships and your brand image. However, now may be the time to drop your weaker distributors and upgrade your sales force by recruiting those sacked by other companies.

6. Adjust pricing tactics.

Customers will be shopping around for the best deals. You do not necessarily have to cut list prices but you may need to offer more temporary price promotions, reduce thresholds for quantity discounts, extend credit to long-standing customers and price smaller pack sizes more aggressively. In tough times, price cuts attract more consumer support than promotions such as sweepstakes and mail-in offers.

7. Stress market share.

In all but a few technology categories where growth prospects are strong, companies are in a battle for market share and, in some cases, survival. Knowing your cost structure can ensure that any cuts or consolidation initiatives will save the most money with minimum customer impact.

Companies such as Wal-Mart and Southwest Airlines, with strong positions and the most productive cost structures in their industries, can expect to gain market share. Other companies with healthy balance sheets can do so by acquiring weak competitors.

8. Emphasize core values.

Although most companies are making employees redundant, chief executives can cement the loyalty of those who remain by assuring employees that the company has survived difficult times before, maintaining quality rather than cutting corners and servicing existing customers rather than trying to be all things to all people. CEOs must spend more time with customers and employees.

Economic recession can elevate the importance of the finance director's balance sheet over the marketing manager's income statement. Managing working capital can easily dominate managing customer relationships. CEOs must counter this. Successful companies do not abandon their marketing strategies in a recession; they adapt them.

ACT NOW TO BEAT RECESSION

A financial perspective for small business survival

Many business cycles are manifestations of interconnected periods of boom and bust. The boom characterized by risks, over-optimism and confidence of the past decades has recently been replaced by fear, diminished expectations and other effects natural of a recession. Recession is here, and everyone is talking about it, in offices, the televisions and in networking meetings.

Recession affects small businesses with low capacity to absorb the effect of cash crunch, the most. Therefore it is a good time for small businesses to reconsider its financial situation, take stock of the challenges and opportunities and take the steps required for facing the long haul ahead. Remember, in a recession or other hard times, you need to be able to act quickly before it's too late to save the business.

Here are a few ways to beat recession :

Get the most of your fixed costs - Fixed costs are also called 'Sunk Cost', meaning that one has to spend them even if revenue size has reduced. Look for opportunities to spread fixed costs over more revenue streams, or look for ways to absorb fixed costs. For example, if the rent for your office premises is Rs.40, 000, find if you can sublet a part of the space, say a room, or table spaces to non-complete businesses. If you have extra telephone lines, look to see if you can surrender a line that has a higher fixed monthly charge payable to the service provider. Negotiate with your various service providers to cooperate with you and accept a lowered fee. It works.

Question every single expense - Its not likely you'll find one big cut. What's very likely is that you'll find several smaller cuts that will add up to significant amounts, and every three rupee you save can be the equivalent of a topline of ten before tax earnings. You can't save your way to prosperity, but this exercise will help you find ways to free up operational cash.

Reduce inventory - How much can you reduce your inventory? Don't carry larger inventories than you need, and negotiate for just-in-time delivery with your suppliers. If you need to have stock, try to stock up items that turn quickly, and reduce your holdings in low demand items.

Be On Top Of Your Cash - Make a projected cash flow statement for the coming 12 months. Make sure you add all possible expenses, including drawings, yearly taxes, FBT on expenses, and capital payments. Then spend only as per projected cash flow. Once you take charge of your cash flow this way, you will not be left with surprises that may affect the liquidity of your business.

Use Cash Or Debit Cards - As a business owner, this is the most trying of times and personal financial discipline will certainly go a long way to tide the times. Discipline would include reducing unwanted spends. A simple way of saving cash is to use a debit card or cash when making purchases.

If you use cash then this will probably make you think hard about buying things as it will significantly reduce the cash you have in your cash box.

Hold On To Your Best Employees - In recessionary times, your best employees have financial problems of their own, and their first priority is to take care of their families - through a raise from you or through a job change to one of your competitors. Losing well-trained quality workers is something that you can ill afford to let happen. Make sure you keep your best employees through deferred bonus programs - but make sure that they are tied to performance.

Hype up productivity and efficiency - In one company I know of, all staff except mothers with young children have been asked to put in 20% extra working hours. Increasing working hours officially has led to the company doing away with recruitment of 10 new personnel, thereby saving a substantial amount on salaries. The company has also won the admiration of both team members and public alike with this simple move to beat recession. Likewise, efficiency can be enhanced using simple tools like Balanced Scorecards or taking up quality initiatives like quality circles, six sigma implementations etc.

Avoid falling behind on your mortgage repayments - Whether its corporate loan or personal loan, it makes sense to consider making overpayments now - this way you can make underpayments or even take a payment holiday subsequently if you have a cash crunch later. You could also re-negotiate the interest on loans should interest rates fall, although lending banks need not agree to cut their interest rates when RBI reduces the base rate.

Delayed payment of mortgage repayments could be negotiated - Contact lenders as soon as you realize you may have a problem keeping up repayments. You may be able to reach agreement on freezing interest or paying an affordable amount. If lenders can see you making an effort to pay at least something, you are much more likely to get a helpful reaction.

Increase marketing spends - A common mistake that companies make is cut your marketing budget. However, if ever customer intelligence was important it's now. The key is to look at your marketing rupee as an investment not an expense. Use the customer knowledge that you have and implement smart ways of spending on marketing costs.

Focus on customer delight - With less money in circulation, focus on revenue. Contemplate smaller jobs that wouldn't normally excite you. In a slowdown your staff is likely to have less to do. Keep them busy with whatever business there is. Lose the "OK, we'll even do this, now" attitude. You'll be competing for those jobs, and the competition is likely to be stiff.

Outsourcing during recession? Yes! - The rules of how business is done are changing. Focus your attention on maximizing revenue and on leveraging your intellectual capital. How much do you need to be in control? Think about outsourcing work that doesn't create revenue.

For example, if you have been spending valuable time overseeing accounting data, you should consider outsourcing your accounting services to an outsourced partner. Another possibility is to work with part time college students as interns or trainees while ensuring the outputs and deliverables are clearly defined for this model to be successful. Outsourcing also allows you to "demand" output from the service provider, thereby paying only for the services received.

While fund and asset related actions can stall the impact of recession considerably, other ways and means directly related to a safe way of increasing return on investment and increasing business itself include the following:

1. Look for improved ways to reach your target market. For example, if your prospects primarily arrive through your Website, and your traffic is down, you might consider taking some Search Engine Optimization (SEO) steps to improve your search rankings.

2. As much as we dread any economic recession, there are economists who insist tough times force us to become more efficient, and that's a good thing. Perhaps this is most obvious when it comes to staffing.

3. Seek "Referral Business" - Contact your customers, family and friends and ask for referrals. Tell people you need more work. If they believe in your competence, they'll come through for you. A more proactive method would be to join referral networking groups, like the BNI. Although it will cost some money, investing now in focused networks that provide business opportunity will go a long way in a short span of time.

4. Losing Clients? Focus on those with you - Service them - With fewer customers you'll be tempted to reduce the number of customer service personnel. Many of your competitors will. Don't do it. Of course now is the time to cut expenses, but not in ways that touch the customer.

5. Listen! Listening can create a world - Listen to what your customers are telling you. Watch how they're behaving. Consider what it feels like to be your customer in this economy. What would you do in their situation? Now, help them to do it.

6. Change perceptions for a healthy business - and planet - The current perception in the

business community is that addressing sustainability is a cost bringing no return; and that’s where issues are framed in terms of moral values and reputation, you can't show real ROI. With fears of an even deeper economic downturn, everyone is looking to their bottom line.

However, Corporate India and companies abroad have consistently demonstrated that companies with corporate social responsibilities have done well even in times of recession. Integrating sustainability across your business processes can bring real returns to business profitability, because eco-efficiency gains go straight to your bottom line. A lean, green business is a healthy business both for profit and planet.

The message is - spend on sustainable model of running business and indulge in activities that engage the employees and stakeholders in conserving the green on earth. Maybe take up tree planting.

By using the above methods, you can not only survive the recessionary phase in your small business, but thrive once it passes.

If an economy has slowed down and market trends show a negative trend, you need not bother. You should have the ability to manage during this tough period. Most of the companies manage by being selective and focused as far as the choice of products is concerned. During this period, an entrepreneur always thinks of cost reduction by a proper allocation of resources and consolidation of businesses.

The IT companies like TCS, Infosys, Wipro, Satyam and HCL, all have remained in the top class of service providers even during the period of recession.

Without bringing down your product quality and reduction in the marked prices, you need to sell your products in the market. For this you need to devise suitable strategies so that your business is not affected by the recession.

These are some of the basic steps to manage your business during economic upheaval:

- **Monitor your cash flow:** Try to convert all your inventories into cash so that you are saved from the bad sale period. Stock less products as compared to your previous stocks. At the same time control your expenses and increase your liquid funds.

- **Offer Discounts and Credits:** You can consider offering your products on credit to the final supplier and to your customer too. By offering discounts on your products you can increase your chances of sale.

- **Ask your supplier to give the raw materials/products on credit:** You can always request your supplier to give products on credit for a time period till the recession phase is over.

- **Keep in constant touch with your customers:** If you have been maintaining a list of loyal customers, you should not forget them. Pacify them by all means. Also ask them to recommend your name to their close friends or relatives.

- **Spend less on the publicity:** During this period you can cut down your expenditure on miscellaneous activities like promotional events and marketing campaigns to publicize your product. You just cannot shun this activity as this is vital to boost up your sales process, so choose advertising options which offers you discounted package.

- **Increase your portfolio of products:** For example, you can expand your product line by introducing a new product. But, keep it at a high price and exclusively targeted towards premium customers.

During the time of slowdown in economy, the nation is in deficit of revenues, so you can think of pushing your business across the boundaries like consider exporting the products on a global level. Often the companies take up offshore business in such a crisis. Always try to maintain a good relationship with employees as well as vendors and customers.

REWRITE YOUR MARKETING PLAN FOR 2009-10

Are we in a recession? No. Will there be a recession in 2009? Probably not. But India's corporate optimism has started to sink on worries about the global economic downturn, high cost of credit, reduced availability of funds, weakening demand and exports slump. So, let us assume that our economy will be in a recession in 2009-10 and that as marketers we need to work within that reality.

When it comes to SMEs (Small and Medium Businesses), the relationship between economic environment and business strategy is very significant since even some small changes in the economic environment or market tend to have far-reaching effects upon these businesses.

So, what should our SMEs (Small and Medium Businesses) do in this scenario? Smart athletes often choose to increase their pace on hills; it is when they sense the existence of a great opportunity in the form of fatigued opponents. The same can be said of smart businesses when they enter a recessionary phase of economy. A recession is the best time for businesses to start their marketing efforts afresh.

So, a recession requires SMEs to modify their marketing strategies. But how? Let's discuss some smart marketing ideas that can make your business recession proof-

1. Market research: When there is an economic slowdown or a recession, consumers start redefining value: they value their every rupee, ask themselves how much they will benefit by purchasing a certain product or service, negotiate harder than ever before, buy less or postpone purchases.

They tend to look for trusted brands while interest in new brands fades. To face such challenges successfully, SMEs need to know more about their consumers and how they are redefining value during a recessionary phase of economy. So, it is not the right time for SMEs to cut their market research budget during a recession. Instead you should double the budget, analysis the changing trends carefully, and change your marketing strategies accordingly. (Also read our story: Marketing research: A must for businesses)

2. Analysis market segments: In a recessionary phase of economy, not all business segments suffer equally; some suffer more, some less, some not at all. In the current economic slowdown in India, for example, only a few business segments like textiles, housing & real estate, and especially the export based businesses have been worst hit while some other segments have not been feeling the downturn so much acutely.

To grab opportunity during a recession, a business must find out and understand the market segments which are least hit or less prone to an economic crunch. There may be enough opportunities in some segments which are till now only the secondary focus of your business.

3. Emphasize on advertising: In a study of the the 1981-82 recession in the United States, McGraw Hill Research analyzed 600 B2B companies in 16 different industries. The results revealed that companies which maintained or increased their advertising expenditures during the period averaged significantly higher sales growth not only during the recession period but even for the following three years.

Several other researches reveal that businesses that continue their advertising and promotional campaigns during hard economic times perform better. When competitors are cutting back on advertising, increasing advertising during a recession can improve market share and return on investment to a significant level and that too at comparatively lower cost. (Also read our stories: Ride the storm in a downturn; recession proof your business, beat the downturn)

4. Pricing: When you offer your products or services at some 'great' reduced prices all of a sudden, it is most likely that your sales will soar as an immediate effect. But it is not a very good idea, especially for a SME with a small budget. Instead, SMEs should consider adding more value to your customers and launching some temporary price reduction strategies such as offering quantity discounts, extend credit to long-standing customers, etc.

But again you should be cautious in implementing this type of strategies as it might make customer think later (one day the recession will be over) that your products or services are overpriced.

5. Increase market share: How can SMEs transform an economic slowdown into a great opportunity? Just by increasing their market share. As the competitors are cowering down and waiting the storm out, now is the time for businesses to increase their market share. However, it is not always possible for SMEs to invest or go for acquisitions in turbulent times.

But they can make the best of their customer base selling more to existing customers and increasing their average spends. It is also important to maintain the quality of your products or services during a slowdown period even though sales fall off. (Also read our story: Increase your market share to break the back of the beast)

6. Reorganize product portfolio: What sells during an economic crunch? Historically, sales of luxury goods are suffered while sales of basic goods remain unaffected. Although it is partially true, businesses need to realize that there are some other crucial factors which need to be considered carefully while preparing their marketing strategy for a recessionary period of economy.

During a recession, people prefer cost effective products to costly solutions; multipurpose products to specialized goods, separately priced unbundled products to costly bundled packages. Also remember that innovative products can play a very crucial role in translating the moments of uncertainty into moments of glory.

7. Spend smart: Needless to say, when you have less pennies in your pocket, it is most important to review your expenses. During an economic slowdown, a business must carefully identify which marketing costs are yielding improvements to their profitability and market share and which are not. When a recession strikes many businesses cut their budgets and people in marketing disproportionately and neglect some crucial marketing strategies such as advertising, branding, targeted communications, etc.

It is a self destructive measure for businesses, especially for SMEs as they are usually equipped with limited resources and manpower.

History is the witness to testify that businesses which enter a recession with a pre-established strategic emphasis on marketing are well positioned to boost their competitive advantage. A recession is a labyrinth of both crisis and opportunities, and the winners will be those who put their thinking cap better. We do not know exactly what awaits our SMEs just yet. The current slowdown in Indian economy might or might not usher in a recession in the coming days of 2009. But our SMEs should prepare for the worst.

The global recession has meant that large corporate worldwide are downsizing their staff, production and expenses. Even some of India's biggest companies have laid off several employees and might continue doing so in the coming months.

Agreed the economy is in bad shape. But remember great opportunities exist even if an economy is in bad shape. It is those who capitalize on these opportunities and sustain themselves even through tough times who will rule the economy in the coming years.

Folks looking to start a new business, Indian startups, small and medium enterprises, SMEs, need to look at the market in a positive way and find their way towards a great future. Young entrepreneurs, start-ups as well as employees who have got laid off, should consider recession as nature's plan to bring fresh perspective and new motivation to the world. Future leaders are current individuals who believe in change, globalization, new strategies and innovations.

THE TRICK TO SURVIVE IS...

The problem we all face is that, when the economy is making very fast progress, the basics are forgotten. When it is the recession, it is about getting back to the basics.

1. Serving the basic needs

Imagine every individual has some basic needs like food, shelter, clothes, healthcare, travel, electricity and water. When market is cutting down their spending, basic spending is always going to stay the same; it just needs more cost effective solutions.

Hence the opportunities coming out of the recession shall be: cheaper food, cost effective housing, and cheaper clothes, cheaper travel and so on...

2. Using technology to scale

Technology is the way to scale. It is the technology that enables us to keep in touch with our friends. It is technology that lets us connect to millions of individuals, know and share information that would otherwise take years to reach -- with the cost that every common person can afford. Businesses not just need to consume technology, but also use it to reach broader audience.

3. Staying global, thinking local

Recession puts business models at test. Recession is going to demand reaching maximum audience for the same investment in production happening in the local market. Anywhere in the world, basic needs of people remain the same. The trick is serving global audience with the product designed for local audience.

4. Cost control with bootstrapping

Venture capital is going to be hard to find, one needs to bootstrap the business with very less resources and still be able to provide the best service quality.

5. Less liability, more utilization

Trick will be to lessen the fixed costs of the business, so even if the sales get affected for some time, it does not put burden on the company's accounts.

CONCLUSION

While the optimism over India’s growth story may be tempered because of the global economic slowdown, India is still growing and is considered a rising country in the world. India is not in recession but has been badly hit by the global slowdown and the crisis in different sectors.

Till the economic slowdown hit the world and before the Satyam Computer episode broke out, India and China were expected to beat the rest of the world in economic growth.

The high economic growth rate, the tremendous development in IT and engineering in various fields, a young population, the feeling that we are the world champions in cricket in 2010 and “in everything else in the conceivable future” — that optimism, that hype, has been tempered recently but still we are growing and considered a rising country in the world.

We are "not in a recession" and Mr. P. Chidambaram, currently Home Minister and earlier Finance Minister, had reminded us "India is by no means in a recession". But India has been badly hit by the global slowdown and by the crisis in different sectors everywhere in the country. Its effect could be felt in metros and large cities and perhaps less so in small towns but its effect will be there as well.

Jobs have been lost, demands have diminished, credit has been choked in many areas and even good enterprises lacked credit support from banks. Despite this overall picture, India would still be growing at something like 6 per cent plus. But the environment, the context is very challenging today, which is a good time to reflect on change.

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4D International Journal of Management and Science
ISSN No: 2250-0669

www.4dinternationaljournal.com
Vol. 2, Issue 2, 2012

CHANGING BUSINESS ETHICS: A POWER BEHIND THE PUNCH FOR 21ST CENTURY BUSINESS.

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ABSTRACT

The growing concern of litigation and competitiveness from the market, compelled each organization to realize the significance of being ethical and winning the loyalty of its stakeholder towards the organizations. It would not be hyperbola to dictate that being unethical a little bit getting out of market. As organizations will get a long term prosperity by fostering ethics in its functioning. As the strict statute had been formulated to curb the unethical behavior in the business but organizations are showing less concern towards this. But a threat which is aroused from the stakeholder ends may leads the organizations to end zone. This is why the present concept got a warm significance from the business and academia. The present exploratory study is an attempt to diagnose the various dimensions of ethics and their significance in business of 20^{th} century by analyzing the theoretical concept of the above followed with some conclusions to improve the ethical practices in the organizations and winning the competitive edge.

Keywords: CSV, *Caveat emptor, corporate philanthropy*

INTRODUCTION

Business ethics (also corporate ethics) is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations. Economist Milton Friedman writes that corporate executives' "responsibility... generally will be to make as much money as possible while conforming to their basic rules of the society, both those embodied in law and those embodied in ethical custom"[1] Friedman also said, "the only entities who can have responsibilities are individuals ... A business cannot have responsibilities. So the question is, do corporate executives, provided they stay within the law, have responsibilities in their business activities other than to make as much money for their stockholders as possible? The answer for these questions may be positive because business ethics in business is not a separated branch of operations but it is implied in each transaction and communications occurred with any of the stake holder. Duska argues that stakeholders have the right to expect a business to be ethical; if business has no ethical obligations, other institutions could make the same claim which would be counterproductive to the corporation[2]. The ethics of business practice became the subject of growing social and political debate during the late 1980s. Large scale human and natural disasters, such as Bhopal or the destruction of the Brazilian rainforest, led to a sharper public focus on the activities of business corporations. City-based financial scandals illustrated the darker side of that cherishes free market philosophy. As public

[1] Friedman, Milton (1970-09-13). "The Social Responsibility of Business is to Increase Its Profits". The New York Times Magazine. Retrieved March 11, 2011.
[2] Duska 2007, p. 11 Contemporary Reflections on Business Ethics.

and academic interest in business ethics has grown, the business studies curriculum has begun to respond slowly to the clamour for an ethical dimension. Calls for a closer examination of business "values" within the business studies curriculum became a cause for concern in the early 1980s. A Higher Education Foundation conference directly addressed this issue as far back as 1982.[3] Ethical issues include the rights and duties between a company and its employees, suppliers, customers and competitors and fiduciary relationship with shareholder.

BUSINESS ETHICS AND LEGAL PROVISONS:

Undoubtedly the growing litigations of business scenario the government is also introduce many provisions which encouraged to be ethical in business. The government by enacting the provisions as The Air (Prevention and Control of Pollution) Act, 1981 The Arbitration and Conciliation Act, 1996, The Bonded Labour System (Abolition) Act, 1976, The Banking Companies (Acquisition and Transfer of Undertaking) Act, 1969 , The Banking Companies (Legal Practitioners' Clients' Account) Act, 1949, The Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985, The Building And Other Construction Workers' Welfare Cess Act, 1996, The Caste Disabilities Removal Act, 1850, The Central Board of Direct Taxes (Validation of Proceedings) Act, 1971, The Child Labour (Prohibition and Regulation) Act, 1986, The Citizenship Act, 1955 , The Consumer Protection Act, 1986, The Copyright Act 1957, The Customs Act,1962, The Conservation of Foreign Exchange And Prevention Of Smuggling Activities Act, 1974, The Cyber Regulations Appellate Tribunal (Procedure) Rules, The Drug and Cosmetics Act, 1940, The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954, The Easement Act, 1882, The Environment (Protection) Act, 1986, The Essential Commodities Act, 1955, The Essential Services Maintenance Act, 1981, The Fatal Accidents Act, 1855, The Foreign Contribution (Regulation) Act, 1976, The Foreign Exchange Management Act, 1999, The Foreign Trade (Regulation) Rules, 1993, The Fatal Accidents Act, 1855, The Hazardous Wastes (Management and Handling) Rules, 1989, The Hire Purchase Act, 1972, The Immoral Traffic (Prevention) Act, 1956, Indian Contract Act, Indian Partnership Act, 1932, The Industrial Disputes Act, 1947, The Industrial Disputes (Central) Rules, The Industrial Employment (Standing Orders) Act, 1946, The Information Technology Act, The Juvenile Justice (Care And Protection of Children), Act 2000, Minimum Wages Act, 1948, Monopolies and Restrictive Trade Practices Act, 1969, Monopolies and Restrictive Trade Practices Rules, 1970, The Negotiable Instruments Act, 1881, The Narcotic Drugs And Psychotropic Substances (Execution of Bond by Convicts

or Addicts) Rules, 1985, The Notaries Act, 1952, The Oaths Act, 1969, 1936, The Official Secrets Act, 1923, The Official Trustees Act, 1913, The Patents Act, 1970, The Payment of Bonus Act, The Payment of Gratuity Act, The Payment of Wages Act, The Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980, The Prevention of Corruption Act,1988, The Protection of Civil Right Act, 1955, The Protection Human Rights

[3] Bruce Macfarlane, (1995) "Business ethics: too little, too late", Education + Training, Vol. 37 Iss: 5, pp.32 - 36

Act, 1993, The Public Provident Fund Act, 1968 , The Public Servants (Inquiries) Act, 1850, The Recovery of Debts due to Banks and Financial Institutions Act, The Registration Act, 1908, The Registration of Foreigners Act, 1939, The Sale of Goods Act, 1930, The Spirituous Preparations (Inter-State Trade And Commerce) Control Act, 1955, The Trade Marks Act, 1999, The Transfer of Property Act, The Workmen's Compensation Act, 1923.[4] Had made an attempt to foster the business ethics by making them compulsory for the individuals in the organizations and violations of the same may result into the punishment or penalty for being unethical. Tasker and Packham[5] and Wolfe[6] comment that the trend towards ethical awareness has done little to disturb the orthodoxy of the free market within the business curriculum. This shows that the being ethical is the compulsion as well as need of the present hour.

Legislation also underscores the idea that business activity exists separately from private activity. The Sale of Goods Act (1979), for example, protects the interests of consumers with respect to the harsher aspects of contract law. However, this legislation offers a higher level of protection to consumers entering into contracts with businesses, but allows for the exclusion of many of the same safeguards in contracts between businesses. Hence, this implies that inter-business relations take place in a separate zone of conflict requiring considerably less control. This underscores the concept of the business “jungle” where there is less need for protection between rivals.

In a bona fide contract both parties to the contract should have full knowledge of the agreement they are entering. However, the rule of*caveat emptor* (let the buyer beware) which applies to the vast bulk of contracts (the rule of *uberrimae fidei* (utmost good faith) applies in certain exceptional contracts such as partnership or insurance) means that it is the buyer′s responsibility to pursue full knowledge. The seller is only under the limited obligation to tell the truth but is unlikely to choose to disclose adverse information unless prompted.

Obtaining full knowledge will often involve the buyer in additional costs, especially where the purchase involves complex goods. The rule of *caveat emptor* thus places an onus on the buyer to pursue full knowledge actively without the seller′s obligation to co-operate through disclosure. A seller is not obliged to reveal that there is rust under the floor of his motor car or that company profits have dipped. The duty to disclose is strictly limited to truth telling if prompted, with no wider duty to disclose facts[7]

Thus, non-disclosure of information by a seller does not constitute misrepresentation in all but a small minority of contracts. Although sellers must tell the truth the reality is that the duty not to

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[4] http://www.legalhelpindia.com/bare-acts.html

[5] Tasker, M., Packhan, D. (1993), "Industry and higher education: a question of values ", *Studies in Higher Education*, Vol. 18 No.2, pp.127-35.

[6] Wolfe, A. (1993), "We′ve had enough of business ethics", *Business Horizons*, No.May/June, pp.1-3.

[7] Marsh, S.B., Soulsby, J. (1989), *Business Law*, McGraw-Hill, London , .

misrepresent is a partial rule. The rule of *caveat emptor* underscores business activity as a zero-sum game in which the gain of one participant is the loss of another.

Therefore, omitting to volunteer information which may be highly relevant to the true consent and interests of a buyer does not normally invalidate the legality of an agreement.

Rules of consideration also affect the true consent of the buyer. A fundamental rule of contract law is that consideration (i.e. money, goods or services exchanged) need not be adequate. In other words, the law is not concerned with whether parties have struck a fair price or not as long as there has been full consent. This means that employees may be legitimately exploited with low wages, and these employees, although possessing the theoretical right to negotiate and enter into a contract with free will, are in reality subject to market forces. Rules of contract further eliminate any right to strike which remains a fundamental breach of contract by the employee.

Business strategy as a Value creation approach strategy may be defined as the firm's rationale for how it will achieve and maintain an above average economic profitability (Jacobson, 1988).[8]as Day (1990)[9] states that: "strategy provides a conceptual glue that gives shared meaning to all the separate functional activities" and "gives purpose and direction to organizations and serves as a central theme guiding and coordinating … actions." Liedtka (1998)[10] argues that strategy: "provides the focus that allows individuals within an organization to marshal and leverage their energy, to focus attention, to resist distraction, and to concentrate for as long as it takes to achieve a goal." Cognitive psychologists, Gioia and Thomas, have studied the cognitive schema that shape organizational behavior. They explicitly argue that strategy serves as an important mental model in shaping organizational behavior. The alternative way of thinking about business strategy is the value creation approach. Under this approach, a firm achieves and maintains above average profitability by delivering unique value to customers. Rather than an industry margin to be captured, value is the benefit to be created and delivered to customers. As a result, a firm is considered to be a value creating, as opposed to a value capturing, entity. This shift in the definition of value, as well as the reorientation from capturing to creating value changes the nature of business strategy in significant ways. The unit of analysis for strategy shifts from "industry" to "interaction" with customers, and the focus moves from beating competitors to offering unique value to customers. A "value creation" strategy starts with determining the value that the firm will create and deliver to customers. The strategic challenge is to identify value propositions that represent a benefit for which customers will pay a premium and are unique enough to differentiate the firm in the minds of customers. Without differentiation, competition will erode returns down to a level that is no longer "above average." Without desirability, the value propositions are not something for which customers will pay a premium. In addition to choosing unique and desirable value propositions, a "value creation" strategy also requires the firm to develop unique core capabilities. To create unique value, a firm must have unique capability. The strategic challenge is to develop core capabilities that represent a unique excellence and that have robust potential for creating value. The quality of unique

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[8] Jacobson, R. (1988), "The persistence of abnormal returns", **Strategic Management Journal**, Vol. 9 pp.41-58.

[9] Day, G. (1990), **Market-Driven Strategy**, Free Press, New York, NY.

[10] Liedtka, J. (1998), "Linking strategic thinking with strategic planning", **Strategy & Leadership**, Vol. 26 No.4, pp.30-5.

excellence makes a capability resistant to imitation and ensures the uniqueness the value propositions. Robustness ensures that the firm's capabilities are resistant to obsolescence and will have the time to produce an adequate return on capital invested in their development.

CSR: AN INTEGRATED APPROACH TOWARDS ETHICS

CSR is reflected as an integrated approach having a tri dimensional significance .A more common approach of CSR is philanthropy. This includes monetary donations and aid given to local organizations and impoverished communities in developing countries. Second approach to CSR is to incorporate the CSR strategy directly into the business strategy of an organization. Third approach is garnering increasing corporate responsibility interest. This is called creating the shared value or CSV.[11] The shared value model is based on the idea that corporate success and social welfare are interdependent. A business needs a healthy, educated workforce, sustainable resources and adept government to compete effectively. For society to thrive, profitable and competitive businesses must be developed and supported to create income, wealth, tax revenues, and opportunities for philanthropy. There are several studies; article provides insights and relevant examples of companies that have developed deep linkages between their business strategies and corporate social responsibility. Many approaches to CSR pit businesses against society, emphasizing the costs and limitations of compliance with externally imposed social and environmental standards. CSV acknowledges trade-offs between short-term profitability and social or environmental goals, but focuses more on the opportunities for competitive advantage from building a social value proposition into corporate strategy.

Many companies use the strategy of benchmarking to compete within their respective industries in CSR policy, implementation, and effectiveness. Benchmarking involves reviewing competitor CSR initiatives, as well as measuring and evaluating the impact that those policies have on society and the environment, and how customers perceive competitor CSR strategy. After a comprehensive study of competitor strategy and an internal policy review performed, a comparison can be drawn and a strategy developed for competition with CSR initiatives.

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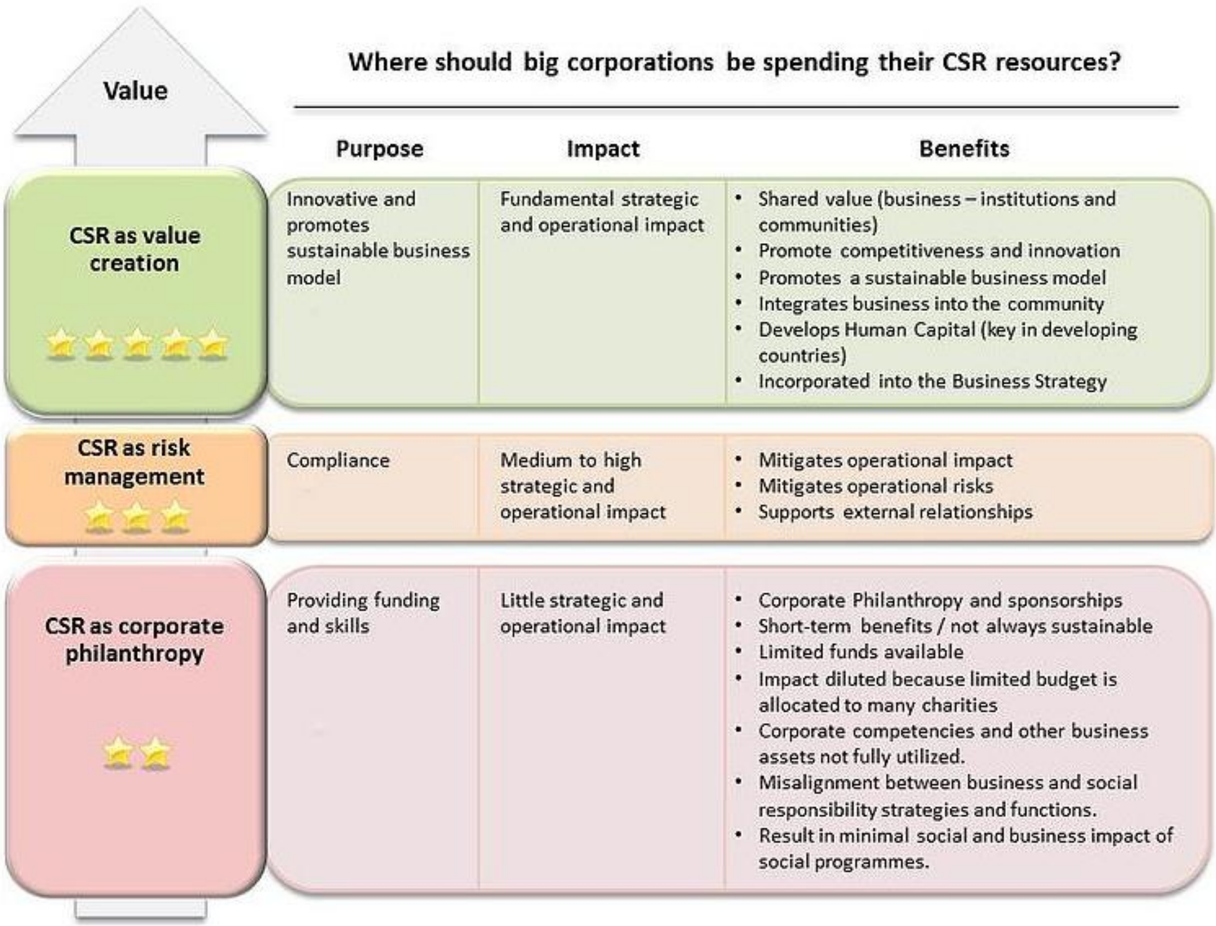
[11] Creating Shared Value". Harvard Business Review; Jan/Feb2011, Vol. 89 Issue 1/2, p62-77, 16p, 5 Illustrations, 1 Diagram



Source: Creating Shared Value". Harvard Business Review; Jan/Feb2011, Vol. 89 Issue 1/2, p62-77, 16p,

Conclusion

The business scenario of the day also tend to emphasize the technical and operational detail of business at the expense of moral and legal considerations. Marketing and accountancy fall particularly into this category. Legislation to protect consumers and employees set out the rudimentary responsibilities of business. The business is perceived as a separate ethical zone to the concerns of private life or wider society. The practical effect of this ethical relativism is twofold. First, guidelines in business ethics within business program are under pressure to conform to a narrow, prudential rationale helping management to understand ethics as an important manipulative success tool rather than as a fundamental examination of business practice. This principals "ethics as a power behind the punch" approach is little more than a sophisticated updating of corporate strategy. The attitude of Lloyd[12] typifies this approach: The

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[12] Lloyd, T. (1993), "Good behaviour is good for business", *Sunday Telegraph*, No.27 June, pp.51.

thrust of a business ethics program should be to explain why unethical behavior is bad for business, and suggest how a company can encourage employees from behaving in ways likely to damage its reputation for integrity. By contrast, concerned people of business ethics are concerned that the focus of guidelines in business ethics should be a fundamental examination “of” business in relation to key issues [13]rather than simply“training” in politic behavior as Lloyd suggests. This does not mean that business ethics should be an excuse for the people in the organizations to attempt some form of moral conversion. However, guidelines in business ethics should help people reflect on their own assumptions and those of the business system. The second practical effect of ethical relativism, shaped and reinforced by the organizations, is to confine business ethics to the periphery of the business operations area. Until a balancing ethical dimension is included within all in and out rather than as a final compulsory decision.

[13] Trezise, E.K. (1994), " Practical reflections on teaching business ethics to undergraduates ", *Business Ethics: A European Review*, Vol. 3 No.3, pp.180-5