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From Chief Editors Desk

The fact that the International Journal of Academic Research & Development (IJARD) is a blind and peer reviewed publication is indubitable. As the Chief Editor it is my pride and joy to place before the eminent readership this second issue of this print journal.

We at IJARD have an abiding belief that one should not pay to publish one's work. After all if an author has burnt the proverbial midnight oil and with the sweat of his/her brow put certain thoughts together cogently, he/she deserves a good audience. To ask him/her to pay for this is adding insult to injury. This just cannot be.

However the world does not exist on love and fresh air alone. Certain costs are involved even though all administrative work is done honorary. Hence we request every author to subscribe to the journal and get his/her academic institution's library to also subscribe to it. Having said that let me introduce the pieces selected painfully by the team of editors based entirely on blind reviews.

The first contribution comes from P.S. Vohra**,** Maharishi Markandeshwar University that beautifully explores the inter-linkages of macroeconomic variables and stock performance: the case of Indian post financial reforms. Vohra speaks of the Indian economy having unfolded with two economic waves – one starting in 1950 and continued for four decades, and another one beginning in early 90s. In the second phase, India recorded fastest growth rates that lasted for more than a decade. The paper provided several insights on the contribution of select macroeconomics variables on the Indian economy. The application of unit root test (augmented Dickey-Fuller test) revealed that all Indian macroeconomic variable series are stationary. The findings also lead us to the conclusion that the annual returns of all macroeconomics variables are consistently moving up. A revolutionary growth stage has been recorded in all the variables. Results of Granger's models for all the series indicated the interrelationships between the studied variables.

The second contribution comes from Jayashree Sadri (a behavioral scientist) and Sorab Sadri (a political economist), both from Manipal University Jaipur. They opine that we are beginning to live in the "information age" with the knowledge worker calling the shots. Rules of engagement would need to be changed in this age of the intellect. Today the tone and tenor of leadership itself has changed with the increasing preponderance of technology. The moot question then arises: Is the leader becoming irrelevant as system takes over? Hence the manager is forced out of the somnambulistic era of the feudal mercantilist-trader mindset and forced by circumstances to adopt the creative-innovative entrepreneurial mindset. In an era of incremental change that is both non linear and non Newtonian, the system does become important, and the correct leadership becomes more critical. Such they say, is the dialectic of growth! Scholars like Sadri and Jayashree have long argued that in its broadest sense, leadership can be defined as the ability to influence others toward the accomplishment of some goal. That is, a leader leads a collaborator or team of collaborators towards some end. More importantly this paper challenges the technocratic industrial engineering based position of scholars like Mohanty and Deshmukh and in the process posits a fresh direction in which future management sciences scholarship on leadership will and should be directed.

Thereafter Anita Singh and Rinku Sanjeev of IMS Ghaziabad take us on a pleasant journey of the man-technology interface in their paper Impact of Quality of Work Life Dimensions on employee Satisfaction in IT Company. The papers argue that under present market forces and strict competition, the IT firms have become more complex, dynamic and fast paced. In this competitive environment where there is a constant pressure to improve results, companies are always in the process of seeking ways to become more efficient, productive, flexible and innovative. They argue that In present scenario, employee's personal responsibilities are increasing due to childcare and elderly care, and family commitments along with this their work responsibilities. There is always a conflict between personal and work commitments which results in work stress. Consequently the role of HR becomes more complex and challenging. The need for HR Managers is to effectively rise up to this challenge.

From thence we move on to a paper by Rohit Kumar Verma and Rajeev P V, two scholars from Banares Hindu University, who critically look at the role of retail business and posit the view that India is one of the most preferred destinations for the retailers across the world. The growth rate of the retail market is expected to be 12 per cent and the modern retail trade is expected to grow to $ 180 billion by 2020 from $60 billion in 2015. The traditional retail trade, they say, is projected to grow at 10 per cent per annum, whereas, the modern retail trade is expected to grow at twice the pace of traditional retail trade. The two researchers analyze the present scenario of Indian retailing sector providing emphasis to the emerging opportunities and challenges for the retailers in India. The present research paper reveals the huge opportunities available to the retailers in India in the coming years by combating the weaknesses and thus charts a path for the business development for the sector.

From the analysis of retail trade we move on to the next paper of Asha Nagendra *et al* from Symbiosis, Pune focuses on an Analysis of Change in Logos on Consumers and the Company. Along with her three research scholars, Asha Nagendra argues thus: A logo is defined as the official visual representation of a corporate or Brand name, and the essential component of all corporate and brand identity programs. Due to the entrepreneurial importance of logos in consumer sentiments (positive or negative attitudes) and brand awareness, great amounts of investments are made because management expects that logos can add value to the reputation of an organization. The objective of this research was to study the importance of logos in consumer perceptions of a company and its products as well as to study the effectiveness of logos on organizations' performance. The theme of this issue changes from people management and leadership tp people perception and marketing. Though the contribution to the corpus of thought was a bit tongue in cheek it is certainly one of the better papers on Marketing Management to have come out of Pune in recent times.

The next paper again comes from BHU is authored by R S Mishra. The study aims to examine the progress of e-banking scenario concerned with ATMs, Internet banking, Mobile banking and Credit cards and their impact on customers' satisfaction by analyzing the problems faced by the customers in India. The analysis shows that among all the e-banking products, Customer Satisfaction Level (CSL) of ATMs is highest and the number of users of ATMs is also highest as compared to other services. Internet banking and credit cards are at second and third position as far as CSL is concerned, but the number of users is more in case of credit cards as compared to Internet banking. Mobile banking is at the lowest position in terms of CSL and also in number of users. Nothing novel is posited but the empirical study is indeed well done.

Thereafter, Saurabh Sharma of Manipal University Jaipur introduces us to a very good study of FDI and Indian economic growth. Foreign Direct Investment as a strategic element of funding is indeed required throughout India for achieving the financial reforms and continues the pace of development and progress of the economy. The pace of FDI inflows in India at the start have been low as a result of regulatory strategy framework and schemes but there is a strong upward push in investment flows since 2005 as the new policies have broadened. In this paper, we discover how FDI is noticeable as an important economic catalyst of Indian monetary progress by stimulating domestic investment, growing human capital formation and by means of facilitating the technology transfers. The essential purpose of this paper is to investigate the effect of FDI on fiscal growth in India with regard to the influence of Foreign Direct Investment in Indian stock. It definitely attempts a good Neo-Keynesian take on the issue of FDI flows and the author does full justice to this overall theme.

Next, Pawan Kumar Singh and R P Shukla's study on Career Maturity and Locus of Control among Senior Secondary Students in Government and Private Schools is once again Neo-Keynesian in both tone and tenor coming out of Banares Hindu University. It argues that there is a need among policymakers, administrators to play more supervisory roles on government schools teachers and parents to work better on senior secondary students' career maturity and locus of control. It is to that extent also a benignly Orwellian but standard positivist approach to harmonious parent-teacher relationship in schools.

Last of all, Sheeba Hamid with Mohd Sadiue and Bushra Muzaffar of Aligarh Muslim University present a paper based on a study which examines the role of people management in employee engagement through rewards and recognitions. In a way their work is both obvious and interesting in that today, the business environment is becoming very complex because of competition and technological advancement. It is very difficult for the organization to survive in the market without having better quality of the product and services basically in the hospitality industry. The quality of the services largely depends upon the employees working in organization. Therefore it is necessary for the organization to have workforce who can deliver better services to the customers.

In sum the concentration of this issue was on Management Sciences and all papers were handpicked after a rigorous process of blind review.

The next issue 2, Vol. 1 (Jan-June 2016) of the journal focuses on India's Growth and Development and its varied dimensions including the Make in India campaign of Government of India. Scholarly papers are invited and may be sent to the Business Editor Mr. Om Bharti at this journal's e-mail by the 10th of April 2016.

We are hopeful to get feedback from the readers for further improvements. We would like to congratulate our contributing authors for showcasing their research.

Wish you a very happy learning experience and happy New Year 2016.

(Professor Sorab Sadri)
Editor-in-Chief

International Journal of Academic Research & Development (IJAR&D)

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Exploring the Inter-Linkages of Macroeconomic Variables and Stock Performance: The Case of Indian Post Financial Reforms

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Abstract

The last wave of financial reforms introduced in the Indian economy in the early 90s was effective and growth-oriented, but the current economic constraints require another wave of reforms. Accordingly, there is a need to undertake impact assessment of financial liberalizations at various levels. The present research fills this gap by examining the relationships between various macroeconomic variables and Indian stock market performance. Secondary data based analysis was conducted to assess the financial impact and volatility consequences on two leading Indian stock indices - Sensex & NIFTY. Seven most used macroeconomic variables - GDP, Interest rate, Inflation rate, Foreign exchange, Gold price, FDI, FIIs were collected for the past two decades to undertake the analysis. ADF unit root, Johnson co-integration, VAR model, Granger casualty, ARCH and GARCH models were utilized. The findings of this study offer clear insights into the relationship between selected variables and stock market performance. Implications of this research for theory and practice are discussed.

Keywords: *Financial reforms, Stock market, Macroeconomic, FDI, FIIs, Inflation rate.*

Introduction

Indian economy unfolded with two economic waves – one starting in 1950 and continued for four decades, and another one beginning in early 90s. In the second phase, India recorded fastest growth rates that lasted for more than a decade. This development changed the pace of the economy worldwide, and led India to be recognized as a large market for global investments across the globe. Numerous parameters of growth saw upsurge in this phase including per capita income, life style, industrial development, rapid expansion of service sector, capital market phenomenal growth and intellectual human capital.

When we delve into the lower growth rate issues during the first wave, it is easy to detect that the contributing factors which added immense boost to the economy in the post-financial reforms were missing in those years. Accordingly, the input of only a few variables actually pushed the economy till the 90s. A question to ponder, then, is why the Indian economy is stagnant in the past one decade, despite the presence of all factors which were there in the post-reform era. We delve into this aspect in the present study.

Observing the economy in the present scenario, it is argued that the missing factors are sustainability, inclusive growth and financial inclusion; and these gaps can be filled with the second stage of reforms. What will the second stage of reforms propose is a question of further research? Particularly, the involvement of all compositions calls for critical valuations and a policy design is required accordingly.

Undoubtedly, the Indian economy requires eradicating the sluggishness again to accelerate with a high pace, but there is no single parameter or component which forms the essence base and can lead to substantial contribution. However, researchers are still unclear of the positive and negative effects of the predominant macroeconomic variables.

Studies have been conducted in large numbers to understand the causes of economic development, but little research has been conducted about these inter-linkages in the case of India. Current research attempt is an effort in the same direction where all macroeconomic issues have been considered for exploring and understanding their contributions in the economic growth. Further, in the broader sense, this research has also tried to underlie the contributions of actual inputs behind the unparalleled transformation changes in the growth phase in last two decades.

Objectives of the Study

The present study aims to achieve the following objectives:

1. To examine the contribution of selected macroeconomic factors in Indian development.
2. To understand the inter linkages between these variables.
3. To observe further opportunities for economic development through select macroeconomic variables.

Review of Literature

Chen *et al.* (1986) in their research concluded that macroeconomic variables significantly impact economic growth. Further, the authors argued that macroeconomic issues explain stock returns as well. Maysami and Koh (2000) empirically proved that the interplay of several macroeconomic variables including inflation, money supply, growth rate, variation of interest rate and exchange rate effects stock market performance. Gan *et al.* (2006) investigated these relationships using Jhonsohan Cointegration tests and found a significant association between stock market index performances and selected seven macroeconomic variables during 1990 to 2003. Kumar and Padhi (2012) found a strong association between Indian stock market BSE and NSE performance with IPI, WPI, Money supply, T-bills rates and Exchange rate.

Karagedikli *et al.* (2013) revealed exchange rate variation effects profitability of stock market performance in New Zealand economy. Ayyoub *et al.* (2011) argued that the existence of significant inflation rate in the Pakistan economy acts negatively at different levels and damages the economic growth on a consistent level. Barro (1995) studied 100 economies' data for the period of 1960 to 1990, and found negative relationships between inflation rate and economic growth rate. Awojobi (2013) study revealed that the economic development of Greece is the result of financial liberalization process which created a direct relationship between trade openness and GDP. Hye (2012) study based on macro-economic issues in the Chinese economy revealed a sound relationship between economic growth, export, import and interest rate.

Bahmani *et al.* (2014) found positive effects of exchange rates on export and import for Chinese trade with United Kingdom for the period of 1978 to 2010. Richard *et al.* (2014) studied the issues of trade deficits for Southeast Asian Nations (ASEAN)-5 countries and provided linkages between macro-economic variables and trade deficits for the period of 1965 to 2011. Pal and Mittal (2011) also pointed to a sound relationship between Indian stock market performance and interest rates, inflation rate, exchange rates and economic GDP. Adjasi *et al.* (2008) found that exchange rates significantly impact stock market valuations. Their study established direct association of foreign exchange market with stock market performance.

Herzer (2010) suggested positive impact of FDI on economic growth utilizing cross-country data of 50 countries. Metwally (2004) explored the direct relationship between FDI and economic growth at Egypt, Jordan and Oman. The findings revealed that export volumes of these three Middle Eastern countries significantly attracted foreign direct investment from European Union. Kandil (2009) found that GDP growth substantially increased with foreign institutional investment. The economic growth of oil-rich region MENA (Middle East and North Africa) countries considerably altered with stock market recital.

Peng and Wang (2014) found a constructive relationship between foreign institutional investor's capital flows and equity return in Chinese economies between the years 2005 to 2011. The findings also revealed that FIIs flow affects the share price pattern with their trading volume. However, Risso *et al.* (2009) established negative relationship between inflation and economic growth in Mexico for the period 1970 to 2007.

Kyereboah et al. (2008) argued that lending rate and inflation rate changes impact stock market performance. The study also showed that poor stock market performance is the major hitch in business growth at the Ghana economy. Further, Aftab *et al.* (2012) found a negative relationship between export volume and volatile exchange rate. Their study also proved that price levels get influence from foreign income volume. Research was explored at all sectoral level exports in Pakistan for the period of 2003 to 2010. Bleaney and Greenaway (2001) found that low income economies dominatingly based export on primary products. Due to volatile exchange rates, export volume and growth rates were not always positively related. Further, it was revealed that exchange rate volatility decreases the investment value. If exchange rate is low, overvalued trade volume would push the growth rate down.

Tenreyro (2007) emphasized considerable importance of exchange rate values in the economic growth. It was found that exchange rate volatility never harmed the trade volume, and that the absence of this volatility does not produce any significant gains. Goujon (2006) studied the development determinants of inflation in Vietnam. A sound positive relationship was found between exchange rate variations and excessive money supplies for inflation rate fluctuations.

Yanikkaya (2003) established a relationship between trade openness and economic growth. It argued that only with trade liberalizations, consistent growth rates can be achieved. Also, while trade share of export and import are important, trade intensity also plays a vital role in the expansion of GDP rate. Chakraborty and Nunnenkamp (2008) revealed that capital inflow of FDI pushed the Indian economic growth further after financial reforms. In this phase, the considerable momentum received by manufacturing sectors compared to that of the service sector contributions. Borensztein *et al.* (1998) ascertained a comparative analysis between domestic investment and FDI for productive economic growth and found FDI to be more attractive. Also, the human capital availability was found to be significantly essential in utilizing FDI investments.

Based on the entire literature review, it appears timely and relevant to undertake a comprehensive study taking into consideration these crucial macroeconomic parameters and explore their implications for Indian economy.

Research Methodology

In this study, we explored the linkages between various macroeconomic variables and performance of Indian economy. The yearly closing levels of all the selected variables including GDP, Export, Import, Total trade, Trade openness, Inflation Exchange rate, FDI, FIIs, Sensex (Benchmark of BSE), Government Expenditure and Interest rate were considered for a period between 1990 and 2013. Accordingly, data of a total of 23 years were taken for the purpose of analysis. The analysis was undertaken using various econometric tools as highlighted below.

Since the analysis of econometrics can be performed on a series of stationary nature, it was pertinent to check whether or not the series in our data were stationary. In order to confirm the stationary nature of the series, we prepare line graph for each of the series. Further, we performed the Augmented Dickey-Fuller test under the unit root test to confirm whether or not the series are stationary. All these results confirmed the stationary nature of series, thus allowing us to move further with our analysis. With the stationary log series of all the selected variables, we performed the Granger's causality model in order to observe causality between variables.

The Granger (1969) approach to the question of whether x causes y allows to examine how much of the current y can be explained by past values of y, and then to see whether adding lagged values of x improve the explanation. Here y is said to be Granger-caused by x if x helps in the prediction of y, or equivalently if the coefficients on the lagged x's are statistically significant. It is relevant to note that two-way causation is normally the case; x Granger causes y and y Granger causes x. It has to be noted that "x Granger causes y" does not mean that y is an effect or a result of x. Granger causality measures preferences and information content, but does not by itself indicate causality in the more common use of the term.

We followed the application of Granger's causality with the VAR model. The VAR is used for forecasting systems of time series and for analyzing the impact of random disturbances on the system of variables. VAR approach highlights the need for structural modeling by treating endogenous variables in the system as a function of the lagged values of endogenous variables in the system. Finally, we applied the variance decomposition analysis in order to quantify the extent to which the indices are influenced by each other. The variance decomposition provided us with the information about relative importance of each effect in explaining the variables in the VAR.

Results

In this section, we present the findings of Granger's causality tests. We started by computing the basic statistics for all the selected twelve series so as to get an insight into the data. For performing the econometric analysis, it was essential for us to make sure that the series under reference were stationary. In order to make the series stationary, we took log of the twelve series on which the further analysis was performed. Log of the eleven series gave the annual volume of all twelve variables under study. Table 1 presents the descriptive statistics of all variables for the period of 20 years (1993-2013). All the counted indexes were varying due to input volume differences of all selected variables.

Table 1: Descriptive Statistics of all Selected Variables

	GDP	EXPORT	IMPORT	TOTAL TRADE	TRADE OPENESS	Inflation Rate	Exchange Rate	FDI	FIIs	SENSEX	GOV. EXPEN	INTEREST RATE
Mean	3019625.	408818.0	597478.5	1006297.	27.23003	7.332685	41.71090	12917.51	31423.85	7870.279	483984.9	9.890000
Median	2234594.	232077.5	271203.0	503280.5	22.92690	6.767125	44.60250	5553.654	9348.000	4488.970	379747.5	9.250000
Maximum	8276665.	1465959.	2345463.	3811422.	46.05021	13.23084	48.39530	47138.73	146438.0	20509.09	1288763.	12.00000
Minimum	692078.0	53688.00	63375.00	117063.0	16.91471	3.684807	30.64880	532.0000	-45811	2615.370	125927.0	8.000000
Std. Dev.	2203916.	395964.0	642665.0	1038080.	9.249802	3.024264	6.138186	14220.52	48489.48	6175.723	345503.9	1.904261
Skewness	1.042895	1.314647	1.351790	1.337285	0.628776	0.320417	-0.735163	1.079093	1.196265	1.028136	1.085465	0.138609
Kurtosis	3.033420	3.808951	3.872329	3.845190	1.957144	1.882345	2.012632	2.861733	3.866722	2.544179	3.054607	1.134242
Jarque-Bera	3.626362	6.306324	6.725251	6.556393	2.224155	1.383184	2.613960	3.897406	5.396172	3.696692	3.929933	2.964918
Probability	0.163134	0.042717	0.034644	0.037696	0.328875	0.500778	0.270636	0.142459	0.067334	0.157497	0.140161	0.227079
Observations	20	20	20	20	20	20	20	20	20	20	20	20

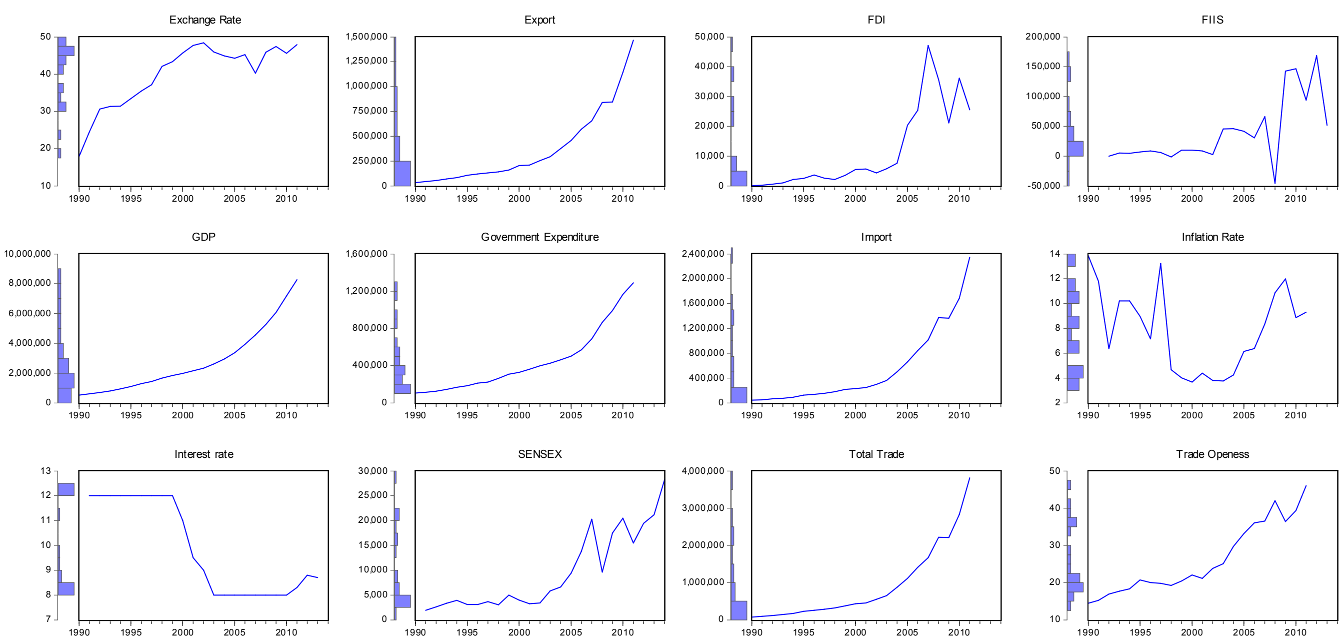

Figure No. 1 to 12

Figure 1 – Exchange Rate
Figure 2 – Export
Figure 3 – FDI
Figure 4 – FIIs
Figure 5 – GDP
Figure 6 – Govt. Exp
Figure 7 – Import
Figure 8 - Inflation rate
Figure 9 – Interest rate
Figure 10 – Sensex
Figure 11 – Total Trade
Figure 12 – Trade openess

Figures 1-12 show the individual line graphs of the annual volume of all selected variable (GDP, Export, Import, Total trade, Trade openness, Inflation Exchange rate, FDI, FIIs, Sensex, Government Expenditure and Interest rate). Figure 13 shows common line graphs for the twelve variables under study. It is evident from the figures that the series of all twelve variables are stationary in nature.

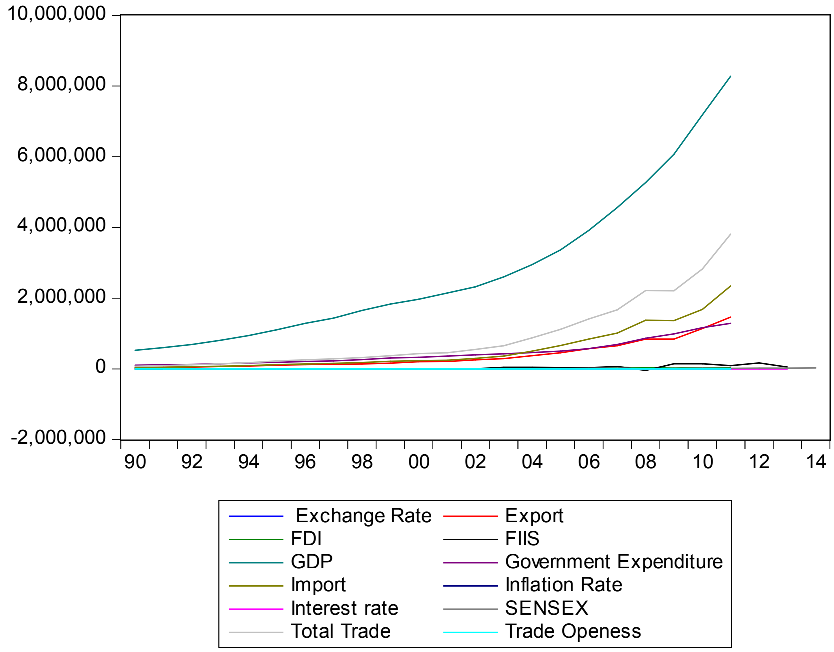

Figure 13: Common Line Graph for Twelve Varaibles

In order to further check the stationarity of all series, we performed the correlogram and unit root test analysis. Correlogram analysis was done with twelve legs for all the variables. It was evident that auto correlation values were negative between the 12 lags and the Q statistics were varying all the time. This indicated that none of the series were having serial autocorrelations, and hence were stationary in nature. Accordingly, we accepted the null hypothesis that every individual series is stationary.

Finally, unit-root test was performed on all the series, in order to test the null hypothesis that the series has a unit root. The findings of the unit-root test and the augmented Dickey-Fuller test also confirmed that the series did not have a unit-root, and certified that all series are stationary.

After confirming the stationary nature of the twelve series, we performed the pairwise Granger's causality analysis for all variables. Tables 2, 3, 4, and 5 presented the findings of pairwise Granger's causality for all variables under study with 2 lags. Null hypothesis in the case of Granger's causality model was that "A" does not granger cause "B". On those lines, these tables tested the hypotheses involving the twelve variables in pairs.

Table 2: Pair wise Granger Casualty

Lags: 2			
Null Hypothesis:	**Obs**	**F-Statistic**	**Prob.**
EXPORT does not Granger Cause EXCHANGE RATE	20	0.23238	0.7954
EXCHANGE RATE does not Granger Cause EXPORT		***3.75447***	***0.0476***
FDI does not Granger Cause EXCHANGE RATE	20	1.36943	0.2843
EXCHANGE RATE does not Granger Cause FDI		0.88286	0.4340
FIIS does not Granger Cause EXCHANGE RATE	20	0.39265	0.6830
EXCHANGE RATE does not Granger Cause FIIS		***6.81773***	***0.0094***
GDP does not Granger Cause EXCHANGE RATE	20	0.72441	0.5008
EXCHANGE RATE does not Granger Cause GDP		2.96814	0.0820
GOVERNMENT EXPENDITURE does not Granger Cause EXCHANGE RATE	20	0.79477	0.4698
EXCHANGE RATE does not Granger Cause GOVERNMENT EXPENDITURE		0.56151	0.5819
IMPORT does not Granger Cause EXCHANGE RATE	20	0.27941	0.7601
EXCHANGE RATE does not Granger Cause IMPORT		***6.44818***	***0.0095***
INFLATION RATE does not Granger Cause EXCHANGE RATE	20	0.35497	0.7069
EXCHANGE RATE does not Granger Cause INFLATION RATE		0.36739	0.6986
INTEREST RATE does not Granger Cause EXCHANGE RATE	20	0.75484	0.4883
EXCHANGE RATE does not Granger Cause INTEREST RATE		***4.20723***	***0.0371***
SENSEX does not Granger Cause EXCHANGE RATE	20	1.18900	0.3335
EXCHANGE RATE does not Granger Cause SENSEX		3.46459	0.0599
TOTALTRADE does not Granger Cause EXCHANGE RATE	20	0.26765	0.7688
EXCHANGE RATE does not Granger Cause TOTAL TRADE		***5.98529***	***0.0123***
TRADEOPENESS does not Granger Cause EXCHANGE RATE	20	0.04552	0.9556
EXCHANGE RATE does not Granger Cause TRADE OPENESS		***7.18639***	***0.0065***
FDI does not Granger Cause EXPORT	20	40.6359	9.E-07
EXPORT does not Granger Cause FDI		2.27591	0.1370
FIIS does not Granger Cause EXPORT	20	97.3497	2.E-08
EXPORT does not Granger Cause FIIS		***10.5111***	***0.0019***
GDP does not Granger Cause EXPORT	***20***	***5.85295***	***0.0132***
EXPORT does not Granger Cause GDP		***13.5336***	***0.0004***
GOVERNMENTEXPENDITURE does not Granger Cause EXPORT	20	2.42337	0.1225
EXPORT does not Granger Cause GOVERNMENT EXPENDITURE		24.8759	2.E-05
IMPORT does not Granger Cause EXPORT	***20***	***9.36982***	***0.0023***
EXPORT does not Granger Cause IMPORT		***9.08171***	***0.0026***
INFLATION RATE does not Granger Cause EXPORT	20	0.57986	0.5720
EXPORT does not Granger Cause INFLATION RATE		0.87568	0.4368
INTEREST RATE does not Granger Cause EXPORT	20	0.08828	0.9160

EXPORT does not Granger Cause INTEREST RATE		0.00107	0.9989
SENSEX does not Granger Cause EXPORT	20	23.0200	4.E-05
EXPORT does not Granger Cause SENSEX		***3.77132***	***0.0490***
TOTALTRADE does not Granger Cause EXPORT	***20***	***9.36982***	***0.0023***
EXPORT does not Granger Cause TOTAL TRADE		***8.44787***	***0.0035***
TRADE OPENESS does not Granger Cause EXPORT	20	3.67996	0.0501
EXPORT does not Granger Cause TRADE OPENESS		0.90505	0.4255
FIIS does not Granger Cause FDI	20	1.72405	0.2167
FDI does not Granger Cause FIIS		50.7447	7.E-07
GDP does not Granger Cause FDI	20	0.74670	0.4907
FDI does not Granger Cause GDP		1.50483	0.2537
GOVERNMENTEXPENDITURE does not Granger Cause FDI	***20***	***7.24057***	***0.0063***
FDI does not Granger Cause GOVERNMENT EXPENDITURE		***12.5810***	***0.0006***
IMPORT does not Granger Cause FDI	20	1.11930	0.3523
FDI does not Granger Cause IMPORT		77.6770	1.E-08
INFLATION RATE does not Granger Cause FDI	20	0.44383	0.6497
FDI does not Granger Cause INFLATION RATE		1.87438	0.1877
INTERESTRATE does not Granger Cause FDI	***20***	***4.47021***	***0.0315***
FDI does not Granger Cause INTEREST RATE		0.02505	0.9753
SENSEX does not Granger Cause FDI	***20***	***5.58719***	***0.0165***
FDI does not Granger Cause SENSEX		***3.74914***	***0.0497***
TOTAL TRADE does not Granger Cause FDI	20	1.51962	0.2506
FDI does not Granger Cause TOTAL TRADE		81.5039	9.E-09
TRADE OPENESS does not Granger Cause FDI	***20***	***6.88261***	***0.0076***
FDI does not Granger Cause TRADE OPENESS		***13.7178***	***0.0004***
GDP does not Granger Cause FIIS	***20***	***7.14174***	***0.0081***
FIIS does not Granger Cause GDP		***5.13721***	***0.0227***
GOVERNMENT EXPENDITURE does not Granger Cause FIIS	***20***	***10.9312***	***0.0016***
FIIS does not Granger Cause GOVERNMENT EXPENDITURE		1.96282	0.1799
IMPORT does not Granger Cause FIIS	***20***	***7.43945***	***0.0070***
FIIS does not Granger Cause IMPORT		56.9362	4.E-07
INFLATIONRATE does not Granger Cause FIIS	20	0.41332	0.6698
FIIS does not Granger Cause INFLATION RATE		0.62480	0.5507
INTERESTRATE does not Granger Cause FIIS	20	1.80063	0.1991
FIIS does not Granger Cause INTEREST RATE		0.15974	0.8538
SENSEX does not Granger Cause FIIS	***20***	***7.96443***	***0.0044***
FIIS does not Granger Cause SENSEX		0.40697	0.6728
TOTAL TRADE does not Granger Cause FIIS	***20***	***7.40871***	***0.0071***

FIIS does not Granger Cause TOTAL TRADE		68.4766	1.E-07
TRADE OPENESS does not Granger Cause FIIS	***20***	***3.85839***	***0.0484***
FIIS does not Granger Cause TRADE OPENESS		***12.4621***	***0.0009***
GOVERNMENTEXPENDITURE does not Granger Cause GDP	20	0.48033	0.6278
GDP does not Granger Cause GOVERNMENT EXPENDITURE		***6.26025***	***0.0106***
IMPORT does not Granger Cause GDP	***20***	***6.87822***	***0.0076***
GDP does not Granger Cause IMPORT		18.5595	9.E-05
INFLATIONRATE does not Granger Cause GDP	***20***	***4.22288***	***0.0351***
GDP does not Granger Cause INFLATION RATE		***3.40388***	***0.0604***
INTERESTRATE does not Granger Cause GDP	20	2.42978	0.1242
GDP does not Granger Cause INTEREST RATE		***9.35719***	***0.0026***
SENSEX does not Granger Cause GDP	20	0.95901	0.4071
GDP does not Granger Cause SENSEX		***2.30152***	***0.1367***
TOTAL TRADE does not Granger Cause GDP	***20***	***9.06700***	***0.0026***
GDP does not Granger Cause TOTALTRADE		***13.2330***	***0.0005***
TRADE OPENESS does not Granger Cause GDP	***20***	***4.74573***	***0.0253***
GDP does not Granger Cause TRADE OPENESS		1.75816	0.2061
IMPORT does not Granger Cause GOVERNMENT EXPENDITURE	***20***	***7.07612***	***0.0068***
GOVERNMENTEXPENDITURE does not Granger Cause IMPORT		1.78566	0.2015
INFLATIONRATE does not Granger Cause GOVERNMENT EXPENDITURE	20	0.75193	0.4884
GOVERNMENTEXPENDITURE does not Granger Cause INFLATION RATE		2.53386	0.1127
INTERESTRATE does not Granger Cause GOVERNMENT EXPENDITURE	20	0.96142	0.4062
GOVERNMENTEXPENDITURE does not Granger Cause INTEREST RATE		0.04471	0.9564
SENSEX does not Granger Cause GOVERNMENT EXPENDITURE	***20***	***8.09179***	***0.0046***
GOVERNMENTEXPENDITURE does not Granger Cause SENSEX		1.78651	0.2037
TOTAL TRADE does not Granger Cause GOVERNMENT EXPENDITURE	***20***	***11.1712***	***0.0011***
GOVERNMENTEXPENDITURE does not Granger Cause TOTAL TRADE		2.12470	0.1540
TRADEOPENESS does not Granger Cause GOVERNMENT EXPENDITURE	20	20.7616	5.E-05
GOVERNMENTEXPENDITURE does not Granger Cause TRADE OPENESS		3.41190	0.0601
INFLATIONRATE does not Granger Cause IMPORT	20	0.53287	0.5976
IMPORT does not Granger Cause INFLATIONRATE		1.43516	0.2690
INTERESTRATE does not Granger Cause IMPORT	20	0.11018	0.8964
IMPORT does not Granger Cause INTEREST RATE		0.00621	0.9938
SENSEX does not Granger Cause IMPORT	***20***	***9.85129***	***0.0021***
IMPORT does not Granger Cause SENSEX		***5.45462***	***0.0177***
TOTAL TRADE does not Granger Cause IMPORT	***20***	***9.08171***	***0.0026***
IMPORT does not Granger Cause TOTAL TRADE		***8.44787***	***0.0035***
TRADEOPENESS does not Granger Cause IMPORT	20	0.52591	0.6015

IMPORT does not Granger Cause TRADE OPENESS		0.31082	0.7375
INTERESTRATE does not Granger Cause INFLATION RATE	20	0.98014	0.3996
INFLATIONRATE does not Granger Cause INTEREST RATE		2.85840	0.0910
SENSEX does not Granger Cause INFLATION RATE	20	1.00117	0.3923
INFLATIONRATE does not Granger Cause SENSEX		0.04599	0.9552
TOTAL TRADE does not Granger Cause INFLATION RATE	20	1.20737	0.3264
INFLATIONRATE does not Granger Cause TOTAL TRADE		0.52528	0.6019
TRADEOPENESS does not Granger Cause INFLATION RATE	20	1.39470	0.2783
INFLATIONRATE does not Granger Cause TRADE OPENESS		0.97301	0.4006
SENSEX does not Granger Cause INTEREST RATE	20	0.05468	0.9470
INTERESTRATE does not Granger Cause SENSEX		***4.85565***	***0.0225***
TOTALTRADE does not Granger Cause INTEREST RATE	20	0.00374	0.9963
INTERESTRATE does not Granger Cause TOTAL TRADE		0.02269	0.9776
TRADEOPENESS does not Granger Cause INTEREST RATE	20	0.39009	0.6841
INTERESTRATE does not Granger Cause TRADE OPENESS		3.35211	0.0646
TOTALTRADE does not Granger Cause SENSEX	***20***	***3.96350***	***0.0433***
SENSEX does not Granger Cause TOTAL TRADE		***16.5417***	***0.0002***
TRADEOPENESS does not Granger Cause SENSEX	***20***	***13.6682***	***0.0005***
SENSEX does not Granger Cause TRADE OPENESS		***11.2210***	***0.0012***
TRADEOPENESS does not Granger Cause TOTAL TRADE	20	1.17674	0.3352
TOTALTRADE does not Granger Cause TRADE OPENESS		0.40719	0.6727

(All bold and italic values are having P value less than .05)

Table 3: VAR Results of Exchange Rate, Export, FDI, GDP, Govt. Expenses & Import

Vector Auto Regression Estimates							
	Exchange Rate	**Export**	**FDI**	**FIIS**	**GDP**	**Government Expenditure**	**Import**
Exchange Rate (-1)	-0.228642	-386.4917	2650.685	5562.009	1498.026	-39.55744	-16139.16
	(0.53828)	(3900.07)	(1123.07)	(3727.89)	(12378.3)	(3722.19)	(7438.99)
	[-0.42476]	***[-0.09910]***	[2.36021]	[1.49200]	[0.12102]	***[-0.01063]***	***[-2.16954]***
Export (-1)	-3.27E-05	0.821173	-0.038493	-0.079618	-1.058379	-0.769333	1.738341
	(2.7E-05)	(0.19371)	(0.05578)	(0.18516)	(0.61482)	(0.18488)	(0.36949)
	[-1.22237]	[4.23911]	***[-0.69006]***	***[-0.42999]***	***[-1.72144]***	***[-4.16130]***	[4.70472]
FDI (-1)	0.000109	1.487765	0.212387	-4.597984	-4.054886	1.969537	2.877877
	(0.00014)	(1.00804)	(0.29028)	(0.96354)	(3.19939)	(0.96206)	(1.92274)
	[0.78323]	[1.47590]	[0.73167]	***[-4.77198]***	***[-1.26739]***	[2.04720]	[1.49676]

FIIS (-1)	-0.000107	1.570684	0.294253	0.126482	1.371073	0.195881	0.906934
	(5.9E-05)	(0.42536)	(0.12249)	(0.40658)	(1.35005)	(0.40596)	(0.81134)
	[-1.82410]	[3.69257]	[2.40230]	[0.31108]	[1.01557]	[0.48251]	[1.11783]
GDP(-1)	2.12E-05	-0.019603	-0.004218	-0.092206	1.207077	0.076441	0.242835
	(1.5E-05)	(0.10866)	(0.03129)	(0.10386)	(0.34486)	(0.10370)	(0.20725)
	[1.41425]	***[-0.18041]***	***[-0.13480]***	***[-0.88779]***	[3.50018]	[0.73713]	[1.17169]
Government Expenditure(-1)	3.09E-05	0.266171	-0.301388	-0.149726	-1.407370	0.772461	0.064919
	(3.1E-05)	(0.22575)	(0.06501)	(0.21578)	(0.71650)	(0.21545)	(0.43060)
	[0.99063]	[1.17905]	***[-4.63622]***	***[-0.69387]***	***[-1.96423]***	[3.58528]	[0.15077]
Import (-1)	-6.38E-05	0.049377	0.195731	0.615106	1.353018	0.364560	-0.769708
	(3.0E-05)	(0.21807)	(0.06280)	(0.20845)	(0.69214)	(0.20813)	(0.41595)
	[-2.11826]	[0.22642]	[3.11689]	[2.95090]	[1.95483]	[1.75161]	***[-1.85046]***
R-squared	0.925751	0.999196	0.948450	0.952088	0.999734	0.999023	0.998897
Adj. R-squared	0.878501	0.998684	0.915646	0.921599	0.999564	0.998401	0.998195
Sum sq. resids	43.58864	2.29E+09	1.90E+08	2.09E+09	2.31E+10	2.08E+09	8.32E+09
S.E. equation	1.990629	14422.84	4153.221	13786.09	45776.19	13765.00	27510.10
F-statistic	19.59282	1953.070	28.91242	31.22698	5901.333	1606.729	1423.038
Log likelihood	-34.84823	-203.7225	-180.0688	-202.8646	-225.6665	-202.8355	-215.9915
Akaike AIC	4.510340	22.28658	19.79672	22.19627	24.59648	22.19321	23.57806
Schwarz SC	4.907998	22.68423	20.19438	22.59393	24.99414	22.59087	23.97571
Mean dependent	42.29312	427509.1	13569.38	33077.05	3142127.	502830.1	625589.2
S.D. dependent	5.710899	397646.4	14299.89	49235.72	2193235.	344249.0	647519.5
Determinant resid covariance (dof adj.)	2.48E+48						
Determinant resid covariance	5.40E+46						
Log likelihood	-1210.971						
Akaike information criterion	133.3654						
Schwarz criterion	136.1490						

Table 4: VAR Results of Inflation Rate, Interest Rate, Sensex, Total Trade, Trade Openness

Vector Auto Regression Estimates					
	Inflation Rate	**Interest Rate**	**Sensex**	**Total Trade**	**Trade Openess**
Inflation Rate(-1)	0.297808	0.087857	186.2982	-6639.319	-0.140132
	(0.24249)	(0.03763)	(252.724)	(7061.56)	(0.11142)
	[1.22810]	[2.33485]	[0.73716]	[-0.94021]	[-1.25773]
Interest Rate(-1)	1.060778	0.918364	-264.7682	-55306.96	-1.480600
	(0.78564)	(0.12191)	(818.779)	(22878.2)	(0.36097)
	[1.35021]	[7.53316]	[-0.32337]	[-2.41746]	[-4.10174]
Sensex (-1)	0.000111	1.92e-05	-0.051821	41.20374	0.000657
	(0.00025)	(3.8e-05)	(0.25720)	(7.18653)	(0.00011)
	[0.44946]	***[0.50018]***	***[-0.20148]***	[5.73347]	[5.79443]
Total Trade (-1)	-1.65e-06	-1.62e-07	0.000724	1.315025	1.19e-06
	(3.0e-06)	(4.6e-07)	(0.00311)	(0.08699)	(1.4e-06)
	[-0.55369]	***[-0.35010]***	[0.23254]	[15.1161]	[0.86481]
Trade Openess (-1)	0.401625	-0.002789	572.3267	-44153.67	0.242382
	(0.30619)	(0.04751)	(319.110)	(8916.52)	(0.14068)
	[1.31167]	[-0.05870]	[1.79351]	[-4.95190]	[1.72289]
R-squared	0.409326	0.964127	0.846149	0.995749	0.986670
Adj. R-squared	0.198371	0.951316	0.791203	0.994230	0.981910
Sum sq. resids	102.6458	2.471557	1.11E+08	8.70E+10	21.66874
S.E. equation	2.707737	0.420166	2821.956	78850.60	1.244093
F-statistic	1.940346	75.25381	15.39947	655.8200	207.2597
Log likelihood	-44.73429	-7.469929	-183.7157	-250.3182	-29.18016
Akaike AIC	5.073429	1.346993	18.97157	25.63182	3.518016
Schwarz SC	5.372148	1.645713	19.27029	25.93054	3.816735
Mean dependent	7.332685	9.890000	7870.279	1006297.	27.23003
S.D. dependent	3.024264	1.904261	6175.723	1038080.	9.249802
Determinant resid covariance (dof adj.)		1.68E+16			
Determinant resid covariance		2.82E+15			
Log likelihood		-497.6438			
Akaike information criterion		52.76438			
Schwarz criterion		54.25798			

Table 5: Variance Decomposition of all Variables

Variance Decomposition of EXCHANGE RATE:						
Period	**S.E.**	**Exchange Rate**	**Export**	**FDI**	**FIIS**	**GDP**
1	1.015291	100.0000	0.000000	0.000000	0.000000	0.000000
2	2.152249	23.22727	70.08646	3.974876	0.398492	2.312900
3	5.595864	3.611246	76.12410	18.17232	0.258747	1.833588
4	7.086933	7.512848	60.94904	30.18667	0.161323	1.190118
5	12.56114	12.45842	44.88122	40.81700	1.035106	0.808257
6	17.30270	9.720770	41.54119	46.26740	1.904580	0.566057
7	18.06890	8.974033	38.09283	48.29281	2.658795	1.981534
8	20.13617	9.397808	37.93899	46.03071	3.490471	3.142020
9	22.24698	8.421470	43.61719	41.88168	3.423214	2.656454
10	22.41576	8.467509	43.45970	41.26204	3.374111	3.436638
Variance Decomposition of EXPORT						
Period	**S.E.**	**Exchange Rate**	**Export**	**FDI**	**FIIS**	**GDP**
1	12205.32	7.102277	92.89772	0.000000	0.000000	0.000000
2	17322.04	43.07754	48.90838	2.482925	1.640603	3.890547
3	67733.16	20.17531	54.35976	23.71325	0.670493	1.081191
4	115737.5	7.962908	54.82893	35.68382	1.070822	0.453522
5	145213.3	11.51054	40.87348	42.66637	1.715038	3.234572
6	239581.7	9.228607	43.28198	42.68495	2.804884	1.999577
7	289016.2	6.888892	42.77832	45.19423	3.299826	1.838735
8	317583.4	6.448395	39.35702	46.39467	3.913038	3.886874
9	476648.7	6.740561	48.18746	39.55681	3.202428	2.312736
10	585662.6	4.649252	49.67315	41.05935	2.988004	1.630248
Variance Decomposition of FDI						
Period	**S.E.**	**Exchange Rate**	**Export**	**FDI**	**FIIS**	**GDP**
1	7814.130	40.92048	22.99985	36.07967	0.000000	0.000000
2	10140.90	26.11126	22.47110	50.29642	0.839108	0.282110
3	12660.79	16.77960	45.39388	32.66847	1.004318	4.153728
4	12919.38	16.43590	44.20824	32.97179	1.852244	4.531829
5	18501.67	24.50580	31.53916	38.87199	1.456958	3.626093
6	29175.32	14.44639	38.26229	43.56832	2.253099	1.469903
7	30753.03	14.38561	41.08871	39.64730	2.454482	2.423901
8	31906.58	15.33753	38.19314	37.23019	3.221776	6.017363
9	38331.81	11.76652	51.66325	28.67443	2.757888	5.137907
10	44666.13	13.80459	51.51982	28.17110	2.613059	3.891434
Variance Decomposition of FIIS						
Period	**S.E.**	**Exchange Rate**	**Export**	**FDI**	**FIIS**	**GDP**
1	8352.690	0.511633	69.73692	11.18455	18.56689	0.000000
2	51486.67	20.09178	51.78934	26.78136	1.264223	0.073284
3	55639.31	20.89415	46.00332	30.70218	1.491562	0.908793
4	67006.56	18.83761	50.83597	21.27127	1.070870	7.984281
5	99881.04	9.962863	61.09426	23.07517	2.180187	3.687522
6	109322.7	16.51805	56.71146	21.61228	1.907479	3.250732
7	121684.9	13.57525	57.42520	21.82205	1.606633	5.570865

8	204978.3	8.902725	67.27871	20.29682	1.047678	2.474072
9	216223.8	14.38435	63.51934	18.33364	1.075857	2.686819
10	239348.6	21.91836	53.79426	15.55694	0.938438	7.792006

Variance Decomposition of GDP

Period	S.E.	EXCHANGERATE	EXPORT	FDI	FIIS	GDP
1	45337.17	4.647305	40.34419	16.65503	8.887637	29.46584
2	53038.19	3.764674	32.17859	12.27965	14.73033	37.04676
3	93471.41	1.890389	61.64458	15.24307	6.919310	14.30265
4	163939.9	1.893726	59.11292	27.38430	4.348836	7.260226
5	379068.2	7.980262	51.39092	35.10509	2.603640	2.920088
6	649178.7	6.155191	49.09077	40.55928	2.581658	1.613101
7	911718.6	6.837265	43.25724	44.49858	2.987407	2.419508
8	1343680.	6.744775	43.30371	44.36173	3.272878	2.316907
9	1808166.	5.620657	44.13570	44.72120	3.409488	2.112949
10	2304482.	5.397184	43.28828	45.25319	3.533307	2.528037

Variance Decomposition of GOVERNMENT EXPENDITURE

Period	S.E.	Government Expenditure	Import	Inflationrate	Interestrate
1	18368.22	100.0000	0.000000	0.000000	0.000000
2	28927.76	95.23304	2.861410	0.576584	1.328969
3	49475.22	75.08412	21.59703	1.591352	1.727497
4	84054.57	40.34382	57.02187	2.025648	0.608662
5	126887.8	20.15372	78.08096	0.975252	0.790063
6	157341.8	13.19241	83.82632	1.248387	1.732890
7	170454.9	11.37712	82.58798	3.850544	2.184357
8	179672.3	14.38789	77.70005	5.944657	1.967398
9	212656.1	25.13829	68.62351	4.352529	1.885667
10	313968.2	22.85637	73.87445	2.329046	0.940130

Variance Decomposition of IMPORT

Period	S.E.	Government Expenditure	Import	Inflationrate	Interestrate
1	113142.9	16.72596	83.27404	0.000000	0.000000
2	171360.3	8.042773	91.14082	0.055314	0.761092
3	236509.7	4.237221	93.15802	0.894050	1.710708
4	265671.2	3.671006	90.32097	3.465845	2.542183
5	278192.5	3.736443	86.81408	6.995366	2.454111
6	301326.6	10.41018	80.32358	6.941110	2.325131
7	397886.1	17.03493	77.35759	4.056585	1.550899
8	601742.0	11.22427	86.04525	1.966829	0.763651
9	824274.4	6.147770	91.45145	1.121862	1.278916
10	958861.2	4.695256	90.69340	2.403165	2.208176

Variance Decomposition of INFLATION RATE					
Period	S.E.	Government Expenditure	Import	Inflationrate	Interestrate
1	2.462814	31.96042	29.18803	38.85155	0.000000
2	2.908365	26.20974	45.80618	27.87641	0.107664
3	4.155848	13.15100	72.91277	13.69755	0.238686
4	5.660372	8.733616	82.15210	7.673889	1.440396
5	6.453409	12.99291	75.23757	8.675516	3.094002
6	6.814108	15.12635	68.10566	13.48008	3.287909
7	7.312950	13.45012	69.10809	14.17794	3.263851
8	7.808736	21.70582	60.63906	12.62179	5.033328
9	10.21460	20.04523	66.55772	10.10998	3.287075
10	14.90689	9.437145	82.92889	5.426107	2.207862

Variance Decomposition of INTEREST RATE					
Period	S.E.	Government Expenditure	Import	Inflationrate	Interestrate
1	0.311127	0.059785	23.49166	0.040364	76.40819
2	0.568509	6.429395	48.09541	5.386159	40.08904
3	0.927433	14.69186	53.60285	12.44125	19.26404
4	1.236658	14.12962	60.59398	12.96596	12.31045
5	1.560961	12.97399	66.93673	11.51919	8.570086
6	1.899873	12.25536	71.07682	10.08303	6.584792
7	2.185570	13.09553	71.10276	9.988338	5.813367
8	2.362974	14.53486	68.54922	11.35068	5.565238
9	2.442175	15.06358	66.45268	13.11641	5.367327
10	2.482815	14.62117	66.39165	13.79378	5.193403

Variance Decomposition of SENSEX				
Period	S.E.	Sensex	Total Trade	Trade Openess
1	2427.156	100.0000	0.000000	0.000000
2	3001.069	92.85435	4.669975	2.475672
3	3504.835	83.62868	11.84043	4.530891
4	3709.323	75.40947	20.43777	4.152759
5	4441.792	69.89919	25.21023	4.890578
6	5186.771	60.15750	28.28128	11.56122
7	6165.288	43.44673	27.55321	29.00006
8	7761.788	28.12292	23.66514	48.21195
9	10094.52	16.63614	19.54264	63.82122
10	13447.94	9.594618	16.47541	73.92997

Variance Decomposition of TOTAL TRADE				
Period	S.E.	Sensex	Total Trade	Trade Openess
1	65223.08	54.35418	45.64582	0.000000
2	104034.7	27.72853	66.67846	5.593005
3	190193.4	32.83417	58.26217	8.903651
4	301145.7	33.46994	51.41991	15.11016
5	425648.4	21.77448	46.66045	31.56507
6	610172.8	14.40582	38.19232	47.40186
7	865400.1	8.626516	30.85123	60.52225
8	1221487.	4.499669	25.09689	70.40344

9	1714762.	2.312987	21.42575	76.26126
10	2392647.	1.190861	19.55498	79.25416
Variance Decomposition of TRADE OPENESS				
Period	**S.e.**	**Sensex**	**Total Trade**	**Trade Openess**
1	1.724721	44.03062	16.29707	39.67231
2	2.205228	26.93341	36.59034	36.47625
3	3.580697	46.03126	37.73887	16.22987
4	5.006582	53.55670	38.13768	8.305619
5	5.990539	47.12614	41.66775	11.20611
6	7.424574	38.07780	38.31305	23.60916
7	9.415943	26.00324	31.76089	42.23587
8	12.34779	15.14017	24.19955	60.66028
9	16.51172	8.554454	18.57530	72.87025
10	22.17604	4.969556	15.63775	79.39269

The results indicate the probability values for total 132 items (for pairs of 12 variables). The results of Granger's model of causality were further confirmed in econometrics by applying the VAR model. In most of the empirical studies, VAR is utilized to support the results of Granger's model; as the application of Granger's causality is not a sufficient exercise. The purpose of the VAR is to examine the dynamic adjustments of all the involved variables to exogenous structural shocks. Accordingly, we applied the VAR models on the series under reference in order to further confirm the results produced by the Granger's causality model. By the application of VAR model, we observed that the integration of individual variables with the others could not be established. The main findings of VAR estimation revealed that the findings were consistent with the results of Granger's causality tests.

Finally, the variance decomposition analysis of the three stock exchanges was studied. The tables decomposed the returns for all twelve variables for a period ranging from 1 to 10. This helped in forecasting for shorter as well as long term duration. The variance decomposition analysis implies that most variables are a result of the fluctuations of own shock, and very occasionally due to the influence or impulse of other variables. For example, export volumes in the short run are created through own shock only and in the long run are influenced with own shock and shocks arising from FDI fluctuations from period 5 onwards. In case of exchange rate, it originates with fluctuations of FDI and export in the long run. FDI throughout impulses with own shocks and shocks from export volume. FII volumes are created mainly with the export volume.

In the short run, till period 2, GDP was influenced through own shocks while export and FDI were influenced with GDP till period 10. Government expenditure in the short run were influenced with own shocks till period 3, but in the long run were dominantly influenced by import volumes. Whereas the import variable was influenced with own shock in the long run and short run both, none of the other variables shocked it. Inflation rate was influenced with own fluctuations and shocks due to government expenditure in short run. Sensex was influenced with own shock flucatations all through, but in the short run, it was also influenced with FIIs volume, inflation and interest rates. Finally, interst rate was always influenced with own shocks throughout.

Conclusion

In sum, the present study provided several insights on the contribution of select macroeconomics variables on the Indian economy. The application of unit root test (augmented Dickey-Fuller test) revealed that all Indian macroeconomic variable series are stationary. The findings also lead us to the conclusion that the annual returns of all macroeconomics variables are consistently moving up. A revolutionary growth stage has been recorded in all the variables. Results of Granger's models for all the series indicated the interrelationships between the studied variables.

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Changing Leadership Paradigms

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Abstract

Though change is a way of life, in any socio-political setting it is defined by its locus rather than its nature. Reform: when the change agent exists within the existing system Revolution: when the change agent exists outside the existing system. Our study indicates that Change in the post 2005 era is nonlinear and non-Newtonian. There is concurrent collapse of structures and functions. As the forces of competition intensify capital get increasingly centralized and concentrated. Effective leadership is one of the keys to our future success and survival. Scholars have argued, that in its broadest sense, leadership can be defined as the ability to influence others toward the accomplishment of some goal. That is, a leader leads a collaborator or team of collaborators towards some end. When the universe is fuzzy defining leadership becomes both necessary and important.

We are beginning to live in the "information age" with the knowledge worker calling the shots. The nature of social change itself has changed with the increasing preponderance of technology. The moot question then arises: Is the leader becoming irrelevant as system takes over? Hence the manager is forced out of the somnambulistic era of the feudal-mercantilist-trader mindset and forced by circumstances to adopt the creative-innovative-entrepreneurial mindset. While the system does become important and the leadership becomes critical to incremental change. Such is the dialectic of growth!

Introduction

Effective leadership is one of the keys to our future success and survival. Scholars like Sadri and Jayashree have argued, that in its broadest sense, leadership can be defined as the ability to influence others toward the accomplishment of some goal. That is, a leader leads a collaborator or team of collaborators towards some end. A group is a combination of persons employed or employed to work together. A team on the other hand is combination of persons who work towards a common goal. Ideally a team has members with divergent skills but convergent aims. So, whereas a group has mass and magnitude, a team has mass magnitude and direction. Also, in businesses and organizations, 'leadership' is often contrasted with 'management'. As defined by Jayashree *et al* (2009) "management is the science of decision making combined with the art of decision executing. Management is typically defined as "getting things done through others." In comparison, leadership is defined as, "getting others to do things." Thus, leadership is intimately tied up with motivating and influencing others. This paper discusses the changing paradigms on leadership as articulated by management research. The traditional leader is history and the emergent leader is a mystery. And yet this mystery is bounded by certain constructs like innovation and creativity and activated through building trust, transparency and teamwork. The emergent leader needs to be a visionary and yet lead from the front. Effective leadership involves a mixture of micro, meso and macro types of leadership ability to some degree and in this regard he both shapes the environment and is a product of it.

The world as we know it is in a continuous churn. As the forces of market competition get stronger, capital is increasingly centralized and concentrated. We being to live in the "information age" with the knowledge worker calling the shots. The nature of social change itself has changed with the increasing preponderance of technology. The change that we now witness is nonlinear and non-Newtonian. There is a concurrent collapse of structures and functions and the manager is forced out of the somnambulistic era of the feudal-mercantilist-trader mindset and forced by circumstances to adopt the creative-innovative-entrepreneurial mindset. We cannot understand leadership in terms of either traits (as in the 1950s and 60s) or styles (as in the 1970s and 80s) or for that matter in terms of power and politics (as in the 1990s and for the decade thereafter). We need to trace its path of change from absolutist-paternalism to value centered leadership. This paper revolves around this theme.

We argue that man cannot fully comprehend leadership in terms of either traits (as in the 1950s and 60s) or styles (as in the 1970s and 80s) or for that matter in terms of power and politics (as in the 1990s and for the decade thereafter). We need to trace its path of change from absolutist-paternalism to value centered leadership. The paradigm begins to shift.

This paper challenges the technocratic industrial engineering based position of persons like Mohanty and Deshmukh and in the process posits a direction in which future management sciences scholarship on leadership will and should be directed.

Importance

There is no gainsaying the fact that one of the most important sets of skills required in a changing world are the skills of leadership. B-schools, for instance, that excel usually produce leaders whereas those down in the pecking order are content to produce managers. Managers are needed to keep the wheels of growth in perpetual motion. Leaders make the difference by thinking outside of the euphemistic box and charting the road less taken through creativity and innovation. This distinction has become increasingly evident as we in India have attempted to adapt to the escalating changes in our society and workplaces over the past three decades while holding fast to the ideas of the past. Hence instead of creating an elixir through research, corporate houses remain content with pouring old wine in new bottles. As we try to take command of our own destiny and guide the destinies of our families, communities, organizations and our planet, the necessity of effective leadership ability has become increasingly obvious.

In the emerging views of leadership, like those of Robert Dilts (1996) hierarchy is overridden by knowledge and skill. The Sanskrit words *gyan* (knowledge), *buddhi* (intelligence) and *vivek* (consciousness to discern) easily come to mind. In other words, leaders do not have influence simply because they are ‘bosses’ or ‘commanders’. Leaders do not demand respect and a following – they attract a following (charisma) or command respect (skill and knowledge). Rather, leaders are people who are committed to “creating a world to which people want to belong. This commitment demands a special set of models and abilities in order to effectively and ecologically manifest the visions which guide those committed to change. It involves communicating, interacting and managing relationships within an organization, network or social system to move toward one’s highest aspirations.

There is a fair amount of flux and confusion about what constitutes “effective leadership”. Nicholls (1988) has pointed out that there are three fundamentally different perspectives of leadership: Meta, Macro and Micro.

1. Meta leadership creates a ‘movement’ in a broad general direction (such as civil rights, home computers, or glasnost). Meta leadership, “links individuals, through the leader’s vision, to the environment. In doing so, it releases energy and creates enthusiastic followers.”

2. In macro leadership, “the leader’s role in creating a successful organization is fulfilled in two ways, path-finding and culture-building... Path-finding can be summed up as finding the way to a successful future. Culture-building can be viewed as drawing people into purposeful organization - one which is capable of traveling along the path that is found or of fully exploiting current opportunities...Macro leadership activity can influence individuals by linking them to the entity - be it the whole organization or just a division, department or group. The leader influences the individual by supplying the subordinates with answers to such questions as: what is this organization all about? Where do I fit in? How am I valued and judged? What is expected of me? Why should I commit myself? In the process, the leader creates committed members of the organization that have a strong sense of belongingness which is best seen in terms of ‘the organization belongs to me’ and ‘I belong to the organization’ (Sadri and Jayashree).

3. In contrast to both of these, Micro leadership, “focuses on the choice of leadership style to create an efficient working atmosphere and obtain willing cooperation in getting the job done by adjusting one’s style on the twin dimensions of task and relationship behavior. Choice of leadership style depends on the personality of the leader as well as environment, corporate culture & history, particular subordinates and the job/task being done, it is, thus, situational and contingent...the leader directs people in organizations in the accomplishment of a specific job or task. If the leadership style is correctly attuned, people perform willingly in an efficient working atmosphere.” (Jayashree)

Often these perspectives overlap. The new macro leadership then becomes clear as the leader's role in creating a successful organization is fulfilled in two ways, path-finding and culture-building. Path-finding can be summed up as finding the way to a successful future. Culture-building can be viewed as drawing people into purposeful organization - one which is capable of traveling along the path that is found or of fully exploiting current opportunities...Macro leadership activity can influence individuals by linking them to the entity - be it the whole organization or just a division, department or group. On the other hand Meta leadership creates a 'movement' in a broad general direction (such as civil rights, home computers, or glasnost). Meta leadership, "links individuals, through the leader's vision, to the environment. In doing so, it releases energy and creates enthusiastic followers. In contrast to both of these, Micro leadership, focuses on the choice of leadership style to create an efficient working atmosphere and obtain willing cooperation in getting the job done by adjusting one's style on the twin dimensions of task and relationship behavior.

Effective leadership in the second decade of the 21^{st} century involves a mixture of all three different types of leadership ability to some degree. A typical leadership situation we all know involves a leader leading others toward a goal within the 'problem space' of a system.

Self-skills have to do with how the leader deploys himself or herself in a particular situation. In a way, self-skills are the processes by which the leader leads himself.

Relational skills have to do with the ability to understand, motivate and communicate with other people. They result in the ability to enter another person's model of the world or perceptual space.

Strategic thinking skills involve the ability to identify a relevant desired state, assess the starting state and then establish and navigate the appropriate path of transitions states required to reach the desired state.

Systemic thinking skills are used by the leader to identify and comprehend the problem space in which the leader, his or her collaborators and the company is operating. Thus it lies at the root of effective problem solving and the ability to create functional teams.

In summary, we opine that effective leadership skill involves the mastery of all of the different elements which make up a particular leadership situation, including: mastery of the self and mastery of the relationship.

Much of the literature on leadership focuses on "characteristics" of good leaders. These characteristics, we opine, are often too general to be of much practical value to someone trying to become a better leader. For instance, as Robert Dilts does, to say that good leaders are "gifted optimists" or are "honest" and "inspiring" provides little practical basis for specific skill development or improvement. These are typically subjective judgments about our behavior made by others.

Frequently, such descriptions of effective leadership emphasize what has been effective in a particular business, culture or environment. However, the actions, style or characteristics that make a leader "good" in one context may be ineffective or devastating in another. Some studies of leadership focus on the outcomes of effective leadership; pointing out that good leaders "create vision," "mobilize commitment," "recognize needs," etc. However, simply knowing about these goals is not enough. The key to actually achieving them involves having the mental and behavioral skills required to put them into practice and strong values to justify them. (c.f. Jackal 1988)

In defining what effective "leadership" is, it is important to distinguish between (a) a "leader" (b) "leadership" and (c) "leading." The position of "leader" is a role in a particular system. A person in the formal role of a leader may or may not possess leadership skills and be capable of leading. "Leadership" is essentially related to a person's skills, abilities and degree of influence. A good deal of leadership can come from people who are not formal "leaders." "Leading" is the result of using one's role and leadership ability to influence others in some way.

Over the past 20 years, during our research on ethics and governance, we discovered that corporate leaders have come to a thorough understanding and implementation of the dynamics of effective team activities. Drawing upon knowledge gleaned from books, workshops, seminars, and academic studies, they have made teams and their dynamics an important part of organizational management practice. Unfortunately, however, during my last several years of interaction with the corporate world in India, We could see very little evidence that an equivalent corporate effort has been devoted to the development and selection of leaders themselves. We could distinguish between leaders and aggressive managers. Aggressive managers seriously engage with the day-to-day routine tasks of cost containment and improvement of operational efficiencies, while leaders do all of these but consistently get involved in creating a developing environment that encourages value-added growth for employees and organization. This, in turn, requires indoctrination as well as cultivation of a diverse thinking environment. Despite widely publicized succession planning programs at companies like GE and IBM in USA, we believe the overall corporate knowledge base for understanding and implementing leadership skills has remained relatively underdeveloped particularly in India. The application of the leadership development process is always more difficult and time consuming than the organization can sustain. Hence, the emphasis is on aggressive management.

It is our contention here that although most managers recognize that they operate in a stochastic business environment, subconsciously they hold onto an exploitive model of a static environment, one that requires no more than aggressive management. This dichotomy lies at the core of what we see as the changing landscape for leadership, and demands on future organizations.

A Tautology of Future Organizations

Using an overtly technocratic and industrial engineering view writers like Mohanty (2001) have mentioned that organizations of the future will make a quantum paradigm shift that appears at first sight to be quite tautological viz: (i) from manual work to knowledge work, (ii) from closed system to more permeable and flexible boundaries, (iii) from fat to lean: the new staffing principle, (iv) from vertical command to horizontal processes: the new organization from homogeneity to diversity: the new work force, (v) from status and command rights to competencies and relationships: the new power source, (vi) from authoritarianism to empowerment: the new pattern of decision making, (vii) from ritualistic performance assessment to relativistic benchmarking, (viii) from organizational capital to reputation capital: the career asset, (ix) from single career path to multiple career path, (x) from single loop reactive learning to double loop proactive and interactive learning, (xi) from experience based mundane actions to knowledge based innovations and contributions, (xii) from compliance to commitment, vulnerability, and accountability, (xiii) from stand-alone competing to simultaneous strategic collaborating and competing, (xiv) from relatively stable hegemony of financial factor-ruled to the dominance of knowledge as the driving force

These shifts, Mohanty claims, are permeating into a new competitive landscape configured by technological, economic, managerial, political, social, and ecological sectors etc. The act of changing any corporate mental model is threatening. Corporate paradigm shifts are inevitably stressful and promote the perception of a threat to one's career, especially in upper-level management. Changing isolated teams and team members is easier and less painful for the manager than changing the entire corporate environment, values and norms. Yet, the managers in these corporations are the only individuals with the authority and resources to make the changes required to address the current and forecasted stochastic climate. They must also persevere throughout the long, painful journey to arrive at the tipping point of the corporate culture that point at which there is a critical mass of support to produce change. The organizations of the future will require renewed investment in human resources and formulating new policies, new modalities of learning, and innovative motivational tools.

The increasingly dynamic nature of competition during the last two decades has made the improvements of organizational learning and the developments of more effective methods for managing knowledge workers a crucial but predominant issue of contemporary organizations. Mascitelli (1999), mentions that traditional competitiveness factors cannot provide a sustainable advantage in a highly dynamic, knowledge-driven global marketplace. Barney (1997) is of the opinion that the most fundamental criterion for sustainable competitive advantage is the building of economically valuable knowledge base of a company: both tacit and explicit. Knowledge is the only resource, which can only guarantee long-term sustainable advantage. Knowledge is at the heart of an organization for creating value. Knowledge originates in human minds. It is insight, judgment, and innovation, based on experiences, heuristics, passions, and neural connections. It provides the intellectual frameworks, conceptual models, governing ideals and ideas that allow human resources to identify opportunities, to make strategic and tactical decisions and generate values for the stakeholders. It has become the most important factor of production in contemporary social and economic life. Today, knowledge *per se* is not the power but the ability to deploy and use knowledge for the welfare of the human system is recognized as power (c.f. Mohanty and Deshmukh 1999). Knowledge has its greatest value when it is transparent and transferable: powerful assets to amplify our very latent capacity to learn, create, and innovate.

New Leadership: The Technocratic View

On the lines of Hollander, (1961) and of Hersey and Blanchard (1977), the view held by Mohanty and Deshmukh is that prerequisite for success in future competition is that top management is to be engaged and motivated. The fundamentals lie in embracing all working processes, behaviour, culture, and values. It encompasses all employees, at all levels and in all parts of the organisation. It means that the weaknesses and breaches in the organisation inexorably are uncovered and exposed. And it means that they need to be solved – at once. It means that actions or attitudes against change might arise. It means that the flexible and change-willing employee becomes the rewarded employee. It means that the ability to use employee potentials becomes more evident. It means taking responsibility for the further development of the business. It means that decisions need to be taken when it happens, at the level where it happens. It means that formal positions as we know them today will loose power – and status. And it means that the incentive and reward systems that need to be adjusted, becomes crucially important. It is not necessarily so, but obviously apparent, that these facts might cause the need for a fundamentally different management philosophy of the business in case, and also may be a new kind of leaderhip style.

Leaders as Navigators

Taking the lead from scholars like Senge (1990), the word “leadership” implies that a single individual becomes the dominant navigating force that guides the rest of the people, institution, corporation, and community to a goal or goals. The algorithm to understanding leadership is complex and resists reduction down to the individual level. Too many managers today are focusing on duplicating and enhancing the old control structures that eliminate diverse thinking from their organizations. These managers show little interest in searching and grooming individuals for the future asymmetrical leadership requirements. In recent years, people have come to believe that organizational complexity resides primarily in the selection and interactions with the followers (teams). Some companies have spent considerable time and money on personality “type” evaluation instruments. This information is never utilized to understand the manner in which the future leaders would exchange tacit and explicit knowledge between themselves and their followers.

Making Leaders

Like Subhash. Sharma (1996) (2007): Mohanty and Deshmukh seem to believe that the preparation of the leader is probably the part of the corporate growth equation that has slipped out of focus and defaulted down to the study and implementation of change management and other measurable command and control skills and systems. From personal observation and experience, they have identified four distinct steps that a manager must undertake in order to mature to a leadership mindset:

(i) Apprenticeship

(ii) Mentorship

(iii) Sponsorship and

(iv) Colleagueship. Our own research goes well beyond this as the paper shows.

Apprenticeship

Taking a cue from industrial laws and more specifically the Apprenticeship Act Mohanty opines that apprenticeship is the basic building block necessary to acquire the fundamental skills and sensitivities, technically and politically, to prepare for the subsequent mentoring process. Apprenticeship can consist of formal education combined with practical application. It can germinate in a community, in a laboratory, corporate office, university setting or a political party. These organized apprenticeship activities are usually observed and evaluated over time by individuals who are interested in using these cultivated advanced skills and capabilities. An apprenticeship produces a feeling of accomplishment and of complete subject matter understanding. Apprenticeships provide a viewing platform for observation by prospective mentors. The elusive and vital tacit knowledge possessed by the expert is encouraged to be exchanged within this type of environment and interaction. This proven maturing process is no longer used. Over time, the actual function has been discarded because it is an old practice. Apprenticeship is being practiced to some degree in lower level technical jobs. A natural corporate mindset that seeks to reduce costs and the actual time invested for this leadership process dilutes the perception of importance attached to the entire leadership maturation process. Leaders have to create a second line of command from among the competent assistants. Hence in the 1990s the concept of mentorship emerged and gained ground.

Mentorship

Following the works of modern HR scholars like Gunn (1995) and trends in discussions at NHRD Network, Mohanty argues that mentorship is the one-on-one process of selecting and grooming promising candidates from the apprenticeship pool. Because it is ongoing and personal, it is important that both the individual's temperament and his or her value system match. The mentoring process has periods of phase shifts as the mentored individual closes the gap of understanding the subject matter received from the mentor. Mentoring is an important role for organizations for professional development in many countries. Its underlying principle is that a more knowledgeable colleague can facilitate the professional development of a new employee. Bush and Coleman (1995) describe mentorship is a relationship building mechanism and has the potential to enhance the knowledge base of both individuals. Mentoring has always been present in the business environment, usually to help all employees to learn new skills (6). This is especially true in the new millennium, because one can expect the skills one has to be obsolete in three to five years (c.f. Gunn 1995). These programs are even more necessary when our contemporary work systems are undergoing organic transformation. Many research studies (c.f Smith 1994, Whiteley *et al* 1992, Loeb 1995) in the recent years have revealed the following benefits of mentorship development programs. (a) Helping newly hired employees or promoted employees become fully productive and understands the organization's future in a compressed time frame. (b) Creation of future entrepreneurial leaders. (c) Low cost transfer of skills. (d) Increased ability to manage participative relationship. (e) Increased learning potentials. (f) Positive affirmative action results. (g) Strengthened link between business strategy and developmental needs.

Mentoring is viewed essentially as the creation of a formal relationship between two people of different business processes and status in the company's cement manufacturing units. Some of the advantages that these programs claim are: (i) Better adoption of the organizational values. (ii) Effective transfer and absorption of circumstantial and experiential knowledge. (iii) Low cost but highly relevant learning and better cross-functional knowledge. (iv) Development of knowledge towards a collective consciousness. (v) Increased job satisfaction. (vi) Low levels of attrition (vii) Meaningful career paths and accompanying guidance. (viii) Creating a corporate culture with robust ethics and employee centered practices.

The above findings Mohanty claims are not subjective. We opine otherwise in that it cannot but be subjective since the most important element to understand, about this relationship, is that mentors have a finite life span compared to the knowledge gaps that exist. For this reason, the mentor's principal role is to prepare the knowledge workers for sponsorship and provide a reality touchstone in future in future career situations. And he will prepare the knowledge workers on his terms and on his perceptions of objective social reality. They may even use an *aggressive management style,* which could become anachronistic as well as subjective. Let us devote some time to critically evaluating this approach to leadership.

Sponsorship is the most committed and delicate stage for the sponsor as well as the sponsored. The pre-mentored person usually progresses without formal acknowledgment from a sponsor. In large corporations, the decision to assign the sponsor is usually not made by the person who will do the actual sponsoring.

Rather, most managers arrive at their sponsor's doorstep via a fast-track career advancement system. This is different from mentoring, which is initiated by the selection of the mentor. It can lead to difficulties for the sponsor who has a preconceived notion of the sponsored person's anticipated career trajectory when the person either fails to live up to the preconception or overshadows the sponsor in some way.

There is usually no way to renegotiate to an alternate path. Michael Guillenm (1995) describes the difficulty very well). His chapter on Michael Faraday relates how Faraday's sponsor put the only black ball in the box of white balls for the "1829" membership in the Royal Society of London. Faraday's *sponsor put the only black ball in the box of white balls for the "1829" membership in the Royal Society of London*. Faraday's sponsor, Sir Humphrey Davy, actually campaigned against him in the days before the membership vote. The trauma of being publicly ridiculed by Sir Humphrey prompted Faraday, some years later, to refuse both the Queen's knighthood and her offer of burial in Westminster Abbey, as was done for his sponsor. This demonstrates the complex relationship between a sponsor's ego and goals and their effect on the prospective new leader.

Colleagueship is the final state in a leader's maturation. Enough confidence has been gained at this stage to publicly display daring, which is the prime ingredient of true leadership. Von Clausewitz's *On War* speaks of the evaporation of daring among young officers as they rise in rank (1984). Over the last few hundred years, the military has had a lot of time and experience to look at and analyze the components of leadership. The true generals are the ones who are less risk-averse than their counterparts who do not want to lose what they have worked so hard to achieve. This progression to colleague is the most difficult because it is the point in a career when the evaluation of abilities is both external and internal.

What to do? Without taking away the scholarship we opine that the technocratic-tautological approach *a la* Mohanty is not much different from the oft seen populist views in easily available paperbacks.

1. It should be obvious that if any of these four stages are bypassed on shortened for expediency, it will have a significant long-term negative multiplying effect on the capability of the new leader.

2. We would also like to suggest senior managements searching for and recruiting change agents with diverse thinking, non-linear backgrounds and uncommon education life paths (including self-taught). More of these change agents should be included in the decision-making process of those upper managements that may desire change in the organization but do not wish to change themselves.

3. Top management should work hard to create a working environment that will permit multiple environments-stochastic and static-to co-exist simultaneously. Success will be largely dependent on the willingness of the corporate world to undertake such a transformation.

4. Many progressive organizations have emphasized on the need to give managers and employees more opportunities to practice the skills that are needed to perform well in the emerging business environment. It has been argued by many that classroom teaching and role-playing are necessary but not sufficient. Therefore, many researchers and practicing managers suggest that organizations create "practice fields"; that let managers and employees hone their skills and gain experience under realistic but risk-free conditions. The Productivity Enhancement Program at Bell Labs is a useful example. According to Cannon, the company asked a number of its star engineers to develop an expert model. The result was a set of nine prioritized work strategies the engineers believed other employees could master. Training sessions to pass on these strategies occur in the normal workday. Productivity increases in both star and average performers have been striking, from a 10 percent increase immediately after the sessions to 25 percent after a full year. A number of companies across the globe have adopted this approach. However, the most important 'product' of this approach is managers who understand how to create a *learning environment* for those around them.

5. Our experiences in action research (Whitehouse and Sadri 1998) and exploratory projects in some Indian companies are very encouraging in terms of knowledge acquisition, deployment, and utilization for different companies. These projects have helped the attainment of mastery of some knowledge, and building a better and better fit between relationships and skills transferring by reconfiguring roles and structures. An organization's processes for articulating, codifying, and transferring knowledge within are important determinants of its

ability to leverage its existing knowledge effectively- and thus of its ability to leverage its competence to greatest strategic effect. The ability of some companies to survive and thrive in the future hinges more on an optimal management of skills through participation than on the implementation of new technologies and manufacturing processes. Moreover, these companies saw that the new technological breakthroughs could not be integrated unless their staffs were able to adapt to ever-quicker cycles of change and their organizations able to cut the cost brought about by this unceasing need for human resource adaptation. Action learning has been a very successful approach in U.K. British Petroleum calls it as *Learning Engine* -an elegant system that meant: people and systems demonstrate learning before, during and after tasks and communities of practice access, apply, validate and renew existing knowledge through performance histories and real time observation, both within and without their own organization

6. Companies that have enjoyed enduring success during the last several years have created a new landscape around people who have transformed business strategies and practices endlessly adapting to a changing leadership pattern. If the core purpose of an organization is to remain in business in a competitive world, the organizational members collectively accomplish certain tasks, which ultimately should result in making a product, or service, which is of value to the human system.

7. The basic dynamics of successful companies in the recent years has been in terms of decisions to build the strength of the organization and its people. Without growth attitude of knowledge workers, a corporation will be at a competitive disadvantage. Growth attitude is a combination of skill, experience, and judgment, with a dash of courage and a dose of arrogance. This attitude establishes a context within which we have to lead by setting direction, creating an environment, securing resources, defining organization architecture, and ensuring that learning occurs. The growth attitude is essential in order to overcome the stagnation of operations and the complacency that naturally occurs as firm's age.

8. Great leaders recognize that what they know is very little in comparison to what they still need to learn. To be more proficient in pursuing and achieving objectives, one should be open to new ideas, insights, and revelations that can lead to better ways to accomplishing goals. This continuous learning process can be exercised, in particular, through a constant dialogue with peers, advisers, consultants, team members, suppliers, customers, and competitors.

9. Leading others is not simply a matter of style, or following some how-to guides or recipes. Ineffectiveness of leaders seldom results from a lack of know-how or how-to, nor is it typically due to inadequate managerial skills. Leadership is even not about creating a great vision. It is about creating conditions under which all can perform independently and effectively toward a common objective i.e. welfare of the human system (largest good to the largest number).

10. Finally, we would like to mention that corporate leaders make the investment and long-term commitment necessary to build and maintain a true leadership mindset among their most promising managers. Leaders help each of their followers to develop into an effective self-leader by providing them with the behavioral and cognitive skills (managing self) necessary to exercise self-leadership.

The fruits of labor are due to those who work just as the price of courage is due to those who take calculated risks. The ability to gain courage and take risks from being ethical and having a style that gives one *the ability to get men to do what they don't want to do and like it*, in the words of Harry Truman. The discourse in Jayashree *et al* (2009) work which we accept on this paper is based on (a) the inevitable emergence of leaders from the existing flux and (b) the conviction that the corporate leader in the future would have to be the ethical leader. Its argument is divided into five parts. The first defines the subject matter of the discourse and deals with issues like values, beliefs and ethics. This part lays down the theoretical underpinning for the ensuing argument. The second takes up the issue of Managerial Styles examining a landmark study, conducted in UK, Nigeria, Malaysia, Hong Kong and India. The underlying assumption is that the answers we get to social issues depend on the questions we ask. The questions we ask depend on the values we have. Moreover, these values give rise to our beliefs and our ethical conduct. Hence, the Managerial Style is a good proxy for Managerial Work Beliefs. The third part looks at the replication of the study conducted in the three States in Southern India. The fourth part deals with the responses of SMEs in Greater Muimbai to the inquiry which was a replication of the earlier study by this author in Southern Indian states. The fifth part deals with what lies ahead and to that extent posits a considered opinion on the issue of Managerial Styles. All along the question of the Values of the Chief Executive came into play. The underlying assumption is that in a positivist framework, power flows downward and the tone as well as the tenor of managerial behavior is set by the behavior of the Chief Executive. This becomes all the more important when the organization is forced to thrive on the cutting edge of competition. The paradigm then shifts and the focus is on emergent leadership.

What is Emergent Leadership?

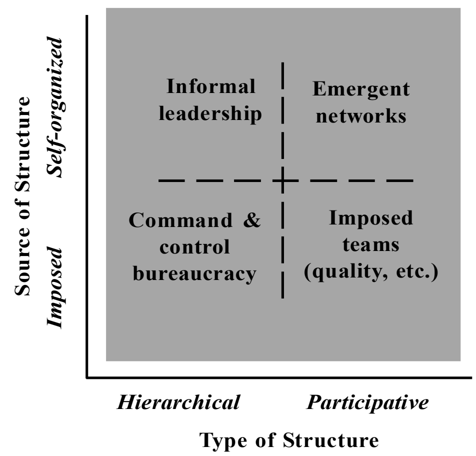
At the cost of repetition let us assume that there is a lot of fuzziness in the environment due to (a) non-linear and non-Newtonian change and (b) concurrent collapse of structures and functions. In this chaos arises the need for leadership that so far we have argued, should be ethical. But how does such a leadership *emerge*? Usual impressions of the term leadership will include some of the following notions a position of power and authority; directing people to get jobs done; having the final say about what, who, how, where, when; "being in charge;" the capacity for imposing your mandate; and so on. Mostly these notions of leadership work just fine. Nevertheless, "being in charge" and "imposing your mandate" are found to be inadequate pointers in the face of the unpredictable, sudden emergence of mergers, acquisitions, and variously fashioned joint ventures.

Yet, it is precisely the unpredictable and the emergent that are so central in the new complexity of management sciences. Indeed, emergence in self-organizing, complex systems since Etzioni's thesis, three decades ago, is one of the most fascinating areas of current research into complex systems. Specifically, emergence refers to the unanticipated arising of new higher-level systemic patterns or structures functioning according to new laws and consisting of new properties. If we can consider our institutions and businesses complex, nonlinear systems, then it should, we opine, come as no surprise that our organizations are *replete with emergent phenomena.* However, our understanding of what organizations are supposed to be, e.g., bureaucratic hierarchical structures, has pretty much blinded us to seeing the full extent of the emergence taking place right in front of our eyes. Moreover, if we do recognize emergent phenomena for the spontaneous and "out of control" types of system occurrences they indeed represent, our training takes over automatically and we commence suppressing them as quickly as possible. Fortunately, it seems impossible to stifle all spontaneity and creativity, so emergent phenomena in our organizations and environments are here to stay. But rather than to dismay this fact, leaders can learn to take advantage of what could prove to be an extremely powerful and constructive organizational force.

Planned v/s Emergent Leadership

It is not that emergence has traditionally had no role at all in leadership. We find emergence, for example, in what has been termed informal as opposed to formal leadership. Whereas formal leadership refers to an officially-sanctioned, imposed role in a bureaucratic hierarchy, informal leadership occurs or emerges spontaneously outside of the sanctioned chain of command. Thus, in a project team, one or more persons may informally take-on leadership roles, others in the group then choosing or not to follow these informal leaders although to do so is not officially mandated. Whereas formal leadership is the result of planning, the emergence of informal leaders is usually a spontaneous event and thereby represents an unanticipated innovation in an organization. And, to the extent informal leadership is emergent and innovative, it parallels self- organizing processes in complex systems. (c.f. Sadri Jayashree and Ajgaokar 2002 as well as Sadri and Jayashree 2012)

Yet, we find that emergent, informal leadership has been given short shrift not only in management literature and research, but in the real world of businesses and institutions. It is relegated to the ranks of either "grass roots" activities (e.g., the "charismatic" type of leadership frequently seen in social reform or religious movements) or to crisis situations. In our 1998 study for instance, we had stumbled upon the fact that the ratings by co-workers of leaders spontaneously emerging during crisis situations were higher in leadership ability than leaders arising in non-crisis situations. But this just proves the point that emergent leadership is generally excluded from the mainstream aspects of leadership thought to be necessary for the ongoing running of an existing organization.



Emergence and Organizational Structure

Organizations, of course, consist of both leaders and those who are led, and there are two general types of structures for connecting the leaders and led hierarchical as in the above mentioned formal leadership bureaucracy; and participative as in distributed power and authority, e.g., self-managed work groups. By establishing an Organizational Structure Grid which links the above mentioned formal and informal leadership (i.e., the sources of leadership) with these two types of organizational structure:

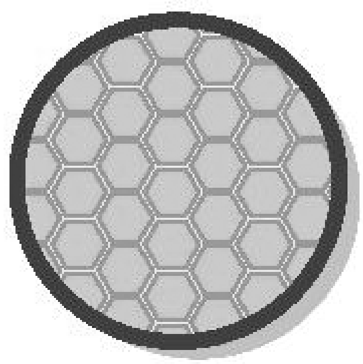
The lower left quadrant, "Command and Control Bureaucracy," is the typical, traditional way that organizational members and leaders are connected. In spite of all the pleas to contrary on the part of management gurus and innovative leaders, it can still be said that most organizations function according to this mode of structure. The top left quadrant, "Informal Leadership," is, as stated above, a spontaneous, self-organizing process, yet, as can be seen in the grid, it retains a hierarchical structure in the sense that, e.g., during a crisis, the informal leader now "commands the troops." The past two and a half decades have witnessed the advent of the lower right quadrant, "Imposed Teams."

First, there were Quality Circles, then Quality Teams in TQM, Project Teams in Reengineering, and so forth. What these latter organizing methods have in common is that they are *imposed structures with distributed authority.* It is important to note that lower right quadrant structures are *not* emergent but are, instead, imposed by the hierarchy. This "imposed" character needs to be underscored because it is sometimes thought they represent some kind of radical departure from the old "Command and Control" Hierarchy. Instead, they represent a somewhat contradictory message from top management which encourages managers *to take it easy.*

Several organizational heads, (especially in postgraduate institutions of management), have experienced the futility of trying to impose participative decision-making teams. Even after several years of mandating that knowledge workers make decisions without directions from the Dean, the results are not forthcoming. Was Aristotle right in saying that some people are born for serfdom? Others hide their mediocrity and "play safe". Directors and Deans of many educational institutions as well as Technocrats in industry out of sheer fear of exposing their mediocrity (we found) rule with an iron fist and micro manage academia. Put in such a predicament perhaps they were imposing on these teams just as they imposed all his other past management directions and that such imposition was not the way to proceed to generate a more effective organization. We opine that is perhaps why research on imposed teams is so mixed up. The team structure by itself is simply not the key to success, it is rather how much real creative authority is actually allowed. In other words, neither motivation nor innovation can be created by fiat! This is a key Strategic HR learning.

This brings us to the last quadrant, the upper right one, “Emergent Networks,” which are neither imposed nor hierarchical. The source of “Emergent Networks” is self-organizing processes, and their power and authority is distributed. Certainly, “Emergent Networks” have been around probably as long as there have been organizations, but they are the least studied and generate the most apprehension on the part of the traditional “Command and Control” hierarchy. In a sense this apprehension is warranted because such “Emergent Networks” represent a threat to the traditional way leaders have thought businesses and institutions should be run - indeed they often feel that they are “out of control”

With the arrival, however, of complex systems research and the concomitant interest in self- organization and emergence, “Emergent Networks” can now be better understood and can be seen to offer new possibilities for more adaptive organizational structures. Indeed, with the rapid rise of mergers and joint ventures, the real world has exceeded theory in regard to emergence. But, now the theory and research concerning emergence and innovation are there just waiting to be appropriated for our businesses and institutions. It is precisely spontaneously emerging Informal Leadership and Emergent Networks that contain the capacity for introducing those innovative structures and processes into system that are more adaptive to changing environments. The trick then lies in being able to learn to “ride these waves of emergence” toward more innovative and adaptive organizational structures. This may oftenentail being able to ride the whirlwind so as to direct the storm.



Emergence in Complex Systems

In contemporary studies the emergence complex systems refers to the rising global, higher level patterns (i.e., structures, order, and qualities) out of local interactions of lower-level system components. Emergence is what takes place during the process of self-organization. An example from an actual physical system is the emergent structure of hexagonally shaped convection cells arising in the Benard liquid when it reaches a critical temperature, a process of self-organization studied extensively by some scientists. One can well imagine looking down from above on the container holding the liquid when it is in this emergent state in any large chemical factory. These emergent hexagonal cells are after all a startling and unexpected occurrence if they are compared with the homogeneity observed in the system before the critical temperature threshold has been reached. They express an across-the-system coherence, a collective order decidedly not present among the lower level components before their emergence.

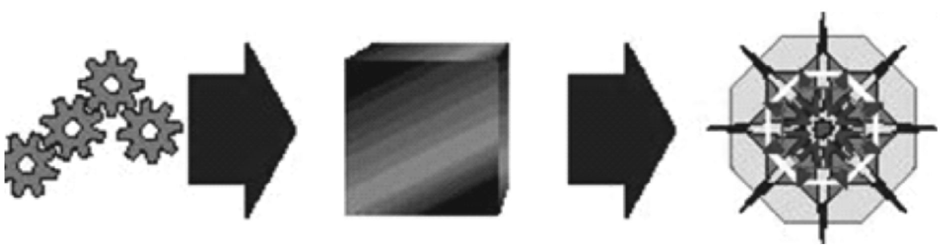
Emergent Structures as Radical Innovations

We argue that, rather than the unpredictability associated with sensitive dependence on initial conditions found in chaotic systems, (like modern organizations), it is their emergence *per se* which presents the real challenges concerning unpredictability in complex systems. For whereas chaos can be captured in constrained regions of phase space by means of phase portraits of chaotic attractors (Goldstein 1997), emergence represents a vastly greater set of possibilities of system behavior (albeit one that can still be understood in part using the construct of attractors). Thus, it seems to me that while chaos does bring with it certain conundrums to the idea of causality (Kellert, 1993), emergence presents a far greater test to causal inference because the emergent patterns have such a drastically different internal dynamic than can be ascertained from the components themselves. That is, emergence threatens our causal intuitions since it is so radically innovative.

The Black Box of Emergence

The idea of emergence is not new and the term "emergence" is believed to have been first coined by the philosopher G. H. Lewes (1875) to describe the arising of unexpected new qualities in a process, e.g., the gaseous nature of oxygen and hydrogen leads one to expect that their combination in a chemical reaction would eventuate in another gas, so the liquid quality of water (H_2O) comes as a surprise - Lewes called this new liquid property an emergent property. This concept of emergence became one of the foundations of *Emergent Evolutionism,* a scientific and philosophical movement in the 1920's and 1930's which believed the idea of emergence could explain not only the discontinuities found between species that the theory of evolution could supposedly not account for as well as for the radical distinction between such dichotomies as inorganic/organic, insentient/sentient, and so forth Emergent Evolutionism investigated emergent phenomena in terms of novelty, unpredictability, non-deducibility from lower level components in the system, as well its seemingly non-causal connection with pre-existing and lower level conditions.

But although the idea of emergence was used in the contexts of pure and applied science, what was perhaps lacking was an ability to look deeply into which systemic processes could bring about the radical novelty and unpredictability of emergent phenomena. In effect, in earlier theorizing the processes leading to emergence were hidden inside a "black box" which took inputs (lower level system components) and produced outputs (emergent phenomena) but what exactly went on inside the "black box" was opaque:



The early Emergent Evolutionists as well as the later anti-reductionist scientists simply did not have access to what went on inside the black box. They could only surmise what kind of things must take place inside by observing in what ways the input could be so radically altered to partake of the properties characterizing the output. The same is true of human thought processes, belief systems and attendant attitudes and behaviors. Bringing the above debate and analogy to the complex organizational system with its matrix structure and perpetual change, we find that Strategic HR can as well operationalize the concept of emergence through counseling, mentoring and small group activity. In this case the strategic triad is a good guidepost for emergent leadership. The argument *a la* Jayashree (2003) (2012) is that Managerial Ethics and Corporate Governance are dialectically related. They combine to create the possibility of Organizational Excellence within a given Corporate Culture. This Organizational Excellence is like a rainbow that you see but seldom (if ever) reach. Moreover it would be a pie in the sky unless it is converted into Business Sustainability.

Anacoluthian Processes Consistent Inconsistency

The term *Anacoluthian* (implying lack of grammatical sequence or coherence, especially in a sentence) comes from the term *anacoluthon* (Greek for inconsistency in logic") that is used in grammar to refer to a sentence that starts out in one grammatical form and then ends in another, i.e., is inconsistent. An example of an anacoluthon is the sentence, "The sun looks so strong today are you going out swimming later?" The first phrase, "The sun looks so strong "today" is a declarative assertion, whereas the second phrase "are you going out swimming later?" is a question. Hence, the sentence is anacoluthian by both following one course of logic (of grammatical construction) but then switching to another one. "Anacoluthian," then, is a term we are using to refer to any process which is consistently inconsistent (inconsistently consistent). Modern management systems and processes are engulfed with uncertainty and unless strategy is formulated and implemented properly, decisions under conditions of fuzziness will go haywire.

The question is them posed: with creativity and innovation being given so much importance, what does this have to do with emergence? First in the less important sense, as stated above, the novelty of emergent phenomena is both consistent and inconsistent in relation to the previous patterns in the system. In management we have cells that are multi-functional and inter-related and so similarities can be draw with ease. Thus, the Benard hexagonal convection cells are consistent with the previous and lower level components of the system since they are indeed currents of liquids, but they are inconsistent in by-passing in a sudden manner from the linear spread of heat found in gradual conduction of heat to the nonlinear dispersion of heat found in the convection currents of the hexagonal cells. Their consistent inconsistency results from the shift to a new attractor that occurs at the critical temperature (technically, a "bifurcation"). Indeed, we can say that the new attractor(s) is consistently inconsistent with the previous attractor(s) governing the system. The anacoluthian nature of this percolation is that the redundant patterns start operating according to dynamics that are not deducible from the lower level rules connecting the nodes. Another way of saying this is to realize that a creative, innovative, and unpredictable outcome requires processes that must be characterized as including elements of creativity, innovation and unpredictability. That is, a leader cannot come up with innovative organizational structures by processes that themselves neither partake of creative departures from the norm, nor merely continue past structures, nor must be planned and anticipated at each stage.

Within Contained Fields Boundaries

Understanding the human mind is akin to a black box situation. So a crucial factor being discovered inside the black box of emergence is that of contained fields or boundaries. In the human case these are set through perceptions, illusions and other subjective elements. Self- organizing processes take place within contained fields that keep the system intact and channel powerful nonlinear forces. In a sense, these fields act as boundaries providing a sense of closure to the emergent structures permitting these global patterns to go across the system. Moreover, the closure of boundaries is another way of talking about the coherence of the emergent structures. For example, in the Benard system in which the hexagonal convection cells are the emergent structures, the self-organizing processes occur within the boundaries of the container holding the liquid. In the case of organizations the logic remains the same. But, it is not just self-organization and emergence in physical systems that demand boundaries, they are also a crucial, but neglected factor in emergent processes in electronic arrays. Hence when we transpose this logic into management of organizations the importance of *bounded rationality,* explained at length in Sadri *et al* 2002 and Jayashree *et al* 2008. In terms of organizational emergence, boundaries as containment fields are also required. Such boundaries can be found in actual departmental and divisional demarcations and physical plant locations. But these boundaries can also be considered in terms of the written and unwritten guiding rules and principles and guidelines followed by the components of the system (i.e., people and technology. Such a perspective also offers insight into how successful working groups and leaders can fight the very strong pressures toward group conformity which scores of experiments in social psychology have confirmed over and over again. Anacoluthian processes might include the strengthening of "minority" positions in an organization - e.g., creative thinking and originality increases when a minority influence is allowed in a work group. Contrary to expectations, conflict in these groups did not increase although there was an increase in personal stress on the part of the minorities. Anacoluthian processes tend to interrupt tendencies toward group conformity that is, changing the rules of interaction and then observing what emergent patterns emerge. Furthermore, leadership in emergent systems would need to be careful to distinguish "enslaved" conformist behavior and the coherence found in emergent behavior - indeed they may superficially appear the same. This is an area for much greater research and practice. In other words insecure old timers and pseudo loyalists must not trip them up.

Furthermore, the anacoluthian processes needs the firm "boundaries" constituted by the leader's and members emergent roles, the group's sense of identity (what its specific distinctiveness is compared to other string quartets), the standards of excellence maintained by the members, and the unwritten rules guiding the emergent process of resolving conflict and going forward with the group's effective playing. The leader, of course, has a crucial role to play in the maintenance of these firm boundaries, but such a role suggests a very different interpretation of leadership effectiveness than the past decade's obsession with leadership "vision." Indeed, one of the emergent hypotheses of this argument is that it is precisely attention to the process of working together, on the part of both the leader and the group members, that is a key component of the effectiveness of the emergent structure rather than a leader's focus on the organization's "vision.'. Indeed, we have also found that, instead of an emphasis on goals or "vision," a leader's attention to task group process was a more potent predictor of the quality of both group process and outcome (whereas outcome directiveness was associated with a much smaller and less coherent array of group outcomes). After all, the outcome of a "vision" is known only at the end of the group's effort. The success of emergent leadership then is neither forcefulness of a "vision", the eloquence of its articulation, nor the charismatic way in which it is imparted. Rather, it rests in a leader working with a group and working with what emerges, although acting as a guide and channel.

Emergence and Adaptability

Research into complex systems is demonstrating that emergent structures convey powerful advantages for a complex system, notably their potential adaptability to a drastically changing environment. Moreover, it is the novelty of the emergent structures that provide the means for this improved adaptability. As the black box of emergence opens more and more yielding greater insight into how emergent structures come forth in self- organizing systems, leaders of our complex organizations will be able to gain greater confidence as to how to proceed in riding the waves of emergence pervading their workplaces. Of course, much of the black box remains opaque. In the meantime leaders have plenty to work with already as they enter a new territory of emergent organizational structures.

Summation

To conclude our argument there has been a paradigm shift in the way in which "leadership" changes are viewed. The traditional industrial engineering way is passé'. What is more true to reality is that the "emergent" leader has to be a visionary and an action oriented person both rolled into one. He has to create a culture of innovation and creativity. He has to imbibe high order values and ethics coupled with good governance into the system. This is possible through promoting the three Ts: trust, transparency and teamwork. Given the mutable nature of social reality the emergent leader is forced to be creative and think outside the box and given the given boundaries of the system he is forced to work within it. Such is the bitter anachronism of those who wear the euphemistic crown of leadership. As Engels famously wrote in the *Eighteenth Brumaire of Louis Napoleon* "every man (like every country) makes his own history but does so under definite conditions", so too every leader must make his own history and for that the "strategic triad" is a good guide.

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Impact of Quality of Work Life Dimensions on Employee Satisfaction in an IT Company: An Empirical Investigation

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Abstract

Under present market forces and strict competition, the IT firms have become more complex, dynamic and fast paced. In this competitive environment where there is a constant pressure to improve results, companies are always in the process of seeking ways to become more efficient, productive, flexible and innovative. As a result these organizations are characterized by long working hours, stressful deadlines and struggling employees to maintain work life balance. In this changing work environment, organizations are facing issues of stress and employee burnout on a large scale. HR managers are expected to come up with innovative practices that serve to motivate and retain talented workforce for sustainable competitive advantage.

The purpose of this study is to highlight the importance of work life balance and also to identify the impact of initiative taken by IT companies on the work life balance of employees.

***Keywords**: Work life balance, IT Company, Middle level managers, dimensions, Employee satisfaction.*

Introduction

In present scenario, employee’s personal responsibilities are increasing due to childcare and elderly care, and family commitments along with this their work responsibilities. There is always a conflict between personal and work commitments which results in work stress.. As more and more IT companies are embracing the technological change and are moving towards globalization, work is no longer confined to the workplace. Managers are supposed to contribute and work from any place using laptops, tablets, smart phones; and telecommuting .Nowadays managers can access their work emails and assignments all 24 hours, and vice versa employers and clients can also access them. Although employees are working in flexible work systems but lines between work and personal life is blurring very fast. Now the typical working hours of most of the employees in IT Company are not only restricted to traditional 40-48 hours a week.

This results in imbalance in work and personal life which not only impacts employees, buts also the companies in which they work for. It has been observed that stress among employees increases the level of burnout which impacts productivity at work. Further stressed employees have a higher potential for health problems and absenteeism, which again can impact cost effectiveness of the organization. Besides, employees may also experience dissatisfaction due to poor personal and peer relationships which further can lead to reduced job satisfaction.

IT companies are taking several Green Workforce initiatives which include flexible work options like Telecommute, Flexible Work Hours, Compressed Work Weeks or Goal-oriented Employment. Going green for workforce has high impact on company’s operating costs, bottom line and the environment at the same time Green Workforce initiative is much easier to adopt and less expensive as compared to Green IT initiative.They are implementing policies which support employees work life balance and managers are encouraged to ensure that employees are taking benefits of these policies. Flexible work schedule system helps employees to design their work pattern according to their personal and professional commitments, which helps them in reducing conflict between work responsibilities and personal responsibilities. This option allows employees to work from home, plan their work schedule to meet personal commitments, for this they can use job sharing ,remote working, and compressed work weeks. Employees should be encouraged to use annual leave without any disturbances during nonworking hours. Most of the IT Companies are implementing wellness programs and creating wellness centre, gyms at workplace for reducing stress.

The study suggests that Managers and IT Professionals who are personally satisfied contributes their best and increase the organizational productivity and reduces cost associated with high attrition rate.

Literature Review

Organizations across the globe have experienced various tangible and intangible benefits by adapting work life balance for their workforce. They have reaped multiple intangible benefits and it has helped in reducing stress, absenteeism, emission and improving employee health, which has made them a preferred choice for employment and a brand among employees.

Quality of Work Life Balance

The term 'Quality of Work life' has coined importance in USA in 1970's.Till date there is no generally accepted definition about this term. It is a complex, multidimensional, generic concept (Hsu & Kernohan, 2006). However, some attempts were made to describe the term quality of work life [QWL]. It refers to the favourableness or unfavourableness of a job environment for people. QWL means different things to different people. J Richard and J.Lloy define QWL as "the degree to which members of a work organization are able to satisfy important personal needs through their experience in the organization". Quality of work life improvements are defined as any activity which takes place at every level of an organization, which seeks greater organizational effectiveness through the enhancement of human dignity and growth...a process through which the stakeholders in the organization management, unions and employees-learn how to work together better...To determine for themselves what actions, changes and improvements are desirable and workable, in order to achieve the twin simultaneous goals of an approved quality of life at work for all members of the organization and greater effectiveness for both the company and the unions.

According to Korunka, Hoonakker, & Carayon, 2008; Lewis, Brazil, Krueger, Lohfeld, & Tjam, 2001; Schouteten, 2004; Van Laar, Edwards, & Easton, 2007 equivalents such as work quality, function of job content, employee's well-being, the quality of the relationship between employees, working environment, and the balance between job demands and decision autonomy or the balance between control need and control capacity . QWL is thus recognized as a multi-dimensional construct and the categorization is neither universal or eternal.

Need for Quality of Work Life

According to Hansen (2002), a traditional myth of increasing the working hours in the organization, which enhances the work quality, has been challenged over a period of time. On the contrary studies (Fox, 2001 & Altman 2000) proves that, it only results in increasing stress of the employees and thereby work-life conflict.

The rising complexity of the competitive business world and the cumbersome process of wage bargaining, wage negotiation deadlocks and bargaining, and the consequential disruptive nature of labor disputes has made many companies to view their employees' quality of work life as an important strategic factor in protecting companies from unwanted disasters (e.g., Beauchamp and Bowie, 2004; Carroll and Buchholtz, 2006; Ferrell, Fraedrich and Ferrell, 2008). In the management discipline in general, prior researches often link quality of work life to job-related outcomes such as employee job effort, productivity, low absenteeism, and organisational performance (e.g., Danna and Griffin, 1999; Cummings and Worley, 2005; Dess, Lumpkin and Eisner, 2007; Leopold, 2005; Wheelan and Hunger, 2006; Yorks, 2005) among others.

Dimensions of Quality of Work Life

Different researchers have tried to identify different dimensions and factors which influence quality of work life.

Walton (1980) divided QWL main components into four categories. According to him, the affecting factors on QWL include: work meaningfulness, work social and organizational equilibrium, work challenge and richness.

Klatt, Murdick and Schuster (1985) have identified eleven dimensions of QWL in the year. They are: pay, occupational stress, organizational health programmes, alternative work schedule, participate management and control of work, recognition, superior-subordinate relations, grievance procedure, adequacy of resources, seniority and merit in promotion and development and employment on permanent basis.

Schermernrhorn & John (1989) opined that the following factors must exist in the organization - fair and adequate pay , health and safety of working conditions ,creating opportunities to learn, growth in the

According to Casio (1998) quality of work life comprises both the mental and objective aspects of work life. The objective ones emphasize the circumstances and procedures relating to promotion policies, participatory supervision, and safe working conditions, whereas the subjective relate to supervision, communication, leadership etc. He identified 8 factors that determine quality of work life as given under. Communication, employee involvement, desire and motivation to work, job security, career progress, solving problems, salary, and pride of a job.

Winter et al., (2000) viewed QWL for attitudinal response among the employees which includes role stress, job characteristics, and supervisory, structural and social characteristics to directly and in directly shape academicians' experiences, attitudes and behaviors. **Mosharraf (2000)** analyzed the security of employment, job/role clarity, understanding supervisors, work not stressful, access to relevant information and social and welfare facilities to measure the QWL in banks. According to Nadler & Lawler the types of QWL activities can be listed as (i) Participative problem solving, (ii) Work restructuring, (iii) Innovative rewards systems and (iv) Improving the work environment.

Sirgy et al. (2001) suggested that the key factors in quality of working life are (i) need satisfaction based on job requirements, (ii) need satisfaction based on work environment, (iii) need satisfaction based on supervisory behaviour,(iv) need satisfaction based on ancillary programmes, (v) organizational commitment

Mirsepasi, (2006), having examined the different views and observed that QWL is explained by the following factors: (i) Fair and proper payment for good performance (ii) Safe and secure work situation, (iii) The possibility of learning and using new skills, (iv) Establishing social integration in the organization, (v) Keeping individual rights, (vi) Equilibrium in job divisions and unemployment and (vii) Creating work and organizational commitment.

Bhanugopan & Fish (2008) suggested indicators like lack of job stress, lack of job burnout, lack of turnover intentions and job satisfaction. They included measures like job satisfaction, earning money, membership in successful teams, job security & job growth

Connell & Hannif (2009) reported three factors – (i) Job content; (ii) Working hours and work-life balance; and (iii) Managerial/supervisory style and strategies. They believe key concepts tend to include job security, reward systems, pay and opportunity for growth among other factors.

Adhikari & Gautam (2010) are: adequate pay and benefits, job security, safe and health working condition, meaningful job and autonomy in the job. Measures of Quality of Work Life include - (i) increased worker involvement, participation and power, (ii) Increased emphasis on employee skill development, (iii) Increased autonomy for action and decision making at worker level and (iv) Reduced status distinctions among levels in hierarchy

Employee Satisfaction and Quality of Work Life

The Third Work-Life Balance Employees' Survey, conducted in early 2006 by Hooker et al, has found high levels of employee satisfaction and a significant increase in the availability of most flexible working arrangements since 2003. In all, 87 per cent of employees said they were either satisfied or very satisfied with their current working arrangements – up from 81 per cent in 2003. Almost all employees (90 per cent) reported that at least one flexible working arrangement was available to them if they needed it. The working arrangements most commonly available were part-time working, reduced hours for a limited period, and flexi time. The arrangements most commonly taken up by employees were flextime, working from home, and part-time work. Demand for all flexible-working arrangements except term-time working has fallen since 2003.

According to Batt. R. (2006), most of the managers opined that certain leave policies reduced employee absences due to sickness of the dependent. It was recommended that rather than taking a sick day, organization can use emergency leave or provide informal flexibility to employees so that they will be more honest and committed to the organization. Deven.F (2007) found that the introduction of flexi-time had reduced absenteeism. As with retention, the degree of flexibility seems to be important. Kolb.D. (2007), found that flexible schedules which gave employees more control and did not require line manager authorization were more effective at reducing absenteeism.

According to Rao (2005), as a result of devoting time more on work even after office hours or traveling during office hours causes stress among employees and results in work-life imbalance. His findings are based on the study conducted among the technical and non-technical executives of Bangalore based public sector unit.

The role of superior in supporting their subordinates in balancing their work life cannot be ignored. Being the ‘executor’ and ‘facilitator’ of work-life policies initiated by the organization, supervisors are critical in determining employees’ work-life experience (Henly, Shaefer, and Waxman 2006; Wang and Walumbwa 2007). In particular, a large number of past studies report that a supportive superior is associated with diminished work-life conflict (Hammer et al. 2007; Wadsworth and Owens 2007).Superiors who are sensitive to employees’ non work needs tend to be helpful in adjusting work arrangements such that employees’ non work commitments are not affected by work.

Purpose of the Study

Based on the foregoing review the current study seeks to explore the impact of dimensions of quality of work life on employee satisfaction in IT Company. The main emphasis of this study is to examine the relationship between the dimensions of QWL and the overall satisfaction of the employees in the IT Sector.

Accordingly, following hypothesis is developed and tested for this study:

Hypothesis

H_1: There is a significant relationship between flexi working hours and employee satisfaction.

H_2: There is a significant relationship between fair compensation and employee satisfaction.

H_3: There is a significant relationship between welfare & leave policies and employee satisfaction

H_4: There is a significant relationship between Green workforce Strategies and employee satisfaction.

H_5: There is a significant relationship between Job Security and Employee Satisfaction.

H_7: There is a significant relationship between Skill and Creativity Utilization and Employee Satisfaction.

H_8: There is a significant relationship between Superior Support and Employee Satisfaction.

H_9: There is a significant relationship between Peers Support and Employee Satisfaction.

H_{10}: There is a significant relationship between Work Environment and Employee Satisfaction.

Research Methodology

The study is descriptive and exploratory in nature. Primary data was collected through a structured questionnaire on 5 point Likert scale where A stands for strongly disagree, B for somewhat disagree, C for neither agree nor disagree, D for somewhat agree, E for strongly agree. Questionnaire was distributed among 225 employees of middle level, out of whom 200 respondents were finally included for further analysis. The data was analyzed using SPSS tool and the test applied was Pearson's correlation coefficient to analyze the relation between dimensions of work life balance and Employee satisfaction.

Analysis and Results

The following results examine the various dimensions of work life balance.

Table 1: Awareness About Policy for Work Life Balance

Response	No. of respondents	%age of respondents
Yes	153	76
No	47	24

Table 1. Suggests that majority of respondents (76%) are aware about the work-life balance policies of the company, 24% of the employees are not aware about the work life balance policy of the company.

Table 2: Provisions Under the Policy of Work-Life Balance

Policy	No. of Respondents	%age of respondents
Flexible starting time	63	31
Flexible ending time	34	17
Flexible hours in general	47	24
Holidays/paid time-off	24	12
Job sharing	12	6
Career-break	2	1
Others	18	9

Table 2 depicts that 31 percent of the respondents are aware about provision of flexible starting time, 24 percent are flexible hours in general, 17 percent are flexible ending time,12 percent about holidays/paid time-off, 6 percent were job sharing, I percent about career break and 9 percent about other options comes under work-life balance policies.

Table 3: Activities to Manage Stress Arising from Work

Activities involved	No. of respondents	%age of respondents
Yoga	27	13
Meditation	24	12
Entertainment	69	34
Dance	27	14
Music	43	22
Others	10	5

Table 3 shows that 34 percent respondents are managing their stress arising due to work with the help of entertainment, 22 percent with music, 14 percent with dance, 13 percent with yoga, 12 percent with meditation and 5 percent explores some other way.

Correlation of Dimensions of Work Life Balance and Overall Employee Satisfaction

H_1: There is a significant relationship between flexi working hours and employee satisfaction.

Table 4: Correlations Between Flexi Working Hours and Employee Stisfaction

		Employee Satisfaction	Flexi working hours
Employee Satisfaction	Pearson Correlation	1	.749**
	Sig. (2-tailed)		.000
	N	200	200
Flexi working hours	Pearson Correlation	.749**	1
	Sig. (2-tailed)	.000	
	N	200	200

Pearson correlation coefficient was conducted to test the association of the between the satisfaction of the employees with QWL dimensions (Table 4). The results of the study indicate a positive relationship between flexi working hours and overall satisfaction experienced by the employees (r = 0. 749). Correlation was significant at 0.05 of alpha level. Hence, the H_1 is accepted. This coefficient shows that there is strong and positive relationship between working hours and satisfaction. So, there is a significant relation between flexi working hours and employee satisfaction and it is concluded that as flexi working hours have strong relation so it has impact on the level of employee's satisfaction in IT sector.

H_2: There is a significant relationship between fair compensation and employee satisfaction.

Table 5: Correlations between Fair Compensation and Employee Satisfaction

		Employee Satisfaction	Fair compensation
Employee Satisfaction	Pearson Correlation	1	.765
	Sig. (2-tailed)		.004
	N	200	200
Fair compensation	Pearson Correlation	.765	1
	Sig. (2-tailed)	.004	
	N	200	200

Compensation was positively related to the overall satisfaction of the employees with the significance value of r = 0.765(refer table 5). This indicates that fair compensation is important to retain the employees and motivate them in IT sectors.

H_3: There is a significant relationship between welfare & leave policies and employee satisfaction

Table 6: Correlations between Welfare & Leave Policies and Employee Satisfaction

		Employee Satisfaction	Welfare & Leave Policies
Employee Satisfaction	Pearson Correlation	1	.873
	Sig. (2-tailed)		.003
	N	200	200
Welfare & Leave Policies	Pearson Correlation	.873	1
	Sig. (2-tailed)	.003	
	N	200	200

Table 6 suggested that Welfare & leave policies were positively related with overall employee satisfaction with the significance value of r = 0.873. This indicates that a fair welfare and leave policy is important to retain the employees and motivate them in IT sectors.

H_4: There is a significant relationship between green workforce strategies and employee satisfaction.

Table 7: Correlations between Green workforce Strategies and Employee Satisfaction.

		Employee Satisfaction	Green work force strategies
Employee Satisfaction	Pearson Correlation	1	.666
	Sig. (2-tailed)		.001
	N	200	200
Green work force strategies	Pearson Correlation	.666	1
	Sig. (2-tailed)	.001	
	N	200	200

Table 7 depicts that correlation value is 0.666, hence there is a moderate level of correlation between employee satisfaction and the Green work force strategies one of the dimension of work life balance adopted by IT sector (refer Table 7).

H_5: There is a significant relationship between job security and employee satisfaction.

Table 8: Correlations between Job Security and Employee Satisfaction

		Employee Satisfaction	Job Security
Employee Satisfaction	Pearson Correlation	1	.734
	Sig. (2-tailed)		.012
	N	200	200
Job Security	Pearson Correlation	.734	1
	Sig. (2-tailed)	.012	
	N	200	200

From table 8 it can be observed that Job Security is positively correlated with employee satisfaction (r=0.734). This indicates that overall employee satisfaction is depending on how much employee feels secured. Employers can no longer promise job security, but they can help people maintain the skills they need to remain workable in the job market.

H_6: There is a significant relationship between working conditions and employee satisfaction.

Table 9: Correlations between Working Condition and Employee Satisfaction

		Employee Satisfaction	Working Condition
Employee Satisfaction	Pearson Correlation	1	.462
	Sig. (2-tailed)		.002
	N	200	200
Organizational Climate	Pearson Correlation	.462	1
	Sig. (2-tailed)	.002	
	N	200	200

From table 9 it can be observed that the overall satisfaction of employees in the organization is also supported by working condition. This was found to be positively related (r = 0.462) to the overall satisfaction. Climate within an organization refers to an environment of physical health and safety, which is observed to predict individual safety behaviour, industrial accidents and physical health. Thus, it relates to how the employees perceive the commitment of the management in terms of safety policy, procedures, and practice towards employees, well-being. Therefore, organizations should have a suitable policy for overtime, occupational hazards like over use of computers, phones, etc. for IT sector employees.

H_7: There is a significant relationship between skill and creativity utilization and employee satisfaction.

Table 10: Correlations Between Skill and Creativity Utilization and Employee Satisfaction

		Employee Satisfaction	Skill and Creativity Utilization
Employee Satisfaction	Pearson Correlation	1	.639
	Sig. (2-tailed)		.001
	N	200	200
Skill and Creativity Utilization	Pearson Correlation	.639	1
	Sig. (2-tailed)	.001	
	N	200	200

Skill utilization and Scope for Creativity has a significant impact on the overall satisfaction with the work and the company. Skill and Creativity Utilization was also positively related (r = 0.639) to the overall satisfaction of the employees with the organization. Thus, an organization, which does not take the initiative to keep its workforce motivated and challenging, may soon lose best of their talent due to dissatisfaction.

H_8: There is a significant relationship between superior support and employee satisfaction.

Table 11: Correlations Between Superior Support and Employee Satisfaction

		Employee satisfaction	Superior Support
Employee satisfaction	Pearson Correlation	1	.728
	Sig. (2-tailed)		.001
	N	200	200
Superior Support	Pearson Correlation	.728	1
	Sig. (2-tailed)	.001	
	N	200	200

The correlation value here is 0.728, which is strong, and it shows that superior support is affecting the overall employee satisfaction. Hence, Employee Satisfaction depends upon the match between their expectations and attitude of their supervisor/manager.

H_9: There is a Significant relationship between peers support and employee satisfaction.

Table 12: Correlations Between Peers Support and Employee Satisfaction

		Employee Satisfaction	Peers Support
Employee Satisfaction	Pearson Correlation	1	.845
	Sig. (2-tailed)		.006
	N	200	200
Peers Support	Pearson Correlation	.845	1
	Sig. (2-tailed)	.006	
	N	200	200

The above table suggests that Social integration in the organization has a significant impact on the overall satisfaction of employee. Peer relationship within the organization is an important dimension of QWL, where work and professional development are pursued within the framework of social integration. In this study, social integration in the work organization was positively related (r = 0.845) to the overall satisfaction of the employees.

H_{10}: There is a significant relationship between work environment and employee satisfaction.

Table 13: Correlations between Work Environment and Employee Satisfaction

		Employee Satisfaction	Work Environment
Employee Satisfaction	Pearson Correlation	1	.720
	Sig. (2-tailed)		.004
	N	200	200
Work Environment	Pearson Correlation	.720	1
	Sig. (2-tailed)	.004	
	N	200	200

Work environment in an organization can have positive impact on the health of the organization. Work environment was also positively related (r = 0.720) to the overall satisfaction of the employees with the organization. A conducive working environment motivates the employees to work towards organizational goal along with working for personal development.

Conclusion and Future Prospective

From this study it can be concluded that in this IT Company quality of work life dimensions like flexible working hours, fair compensation, welfare and leave policies including green workforce strategy, job security conducive work environment containing better working condition, with superior and peers support plays a very strong role in improving employee satisfaction and people management practices. The Company can reap benefit by applying these strategies; especially work time and work location flexibility, and the development of supportive managers, which contribute to increased work-life balance and employee satisfaction

Limitation of the Study

The sample size is too small to reflect the opinion of the whole organization and data is collected from a single company hence the opinion shared by employees is restricted to this company and cannot be generalized for other IT Companies. For wider results the further research can be conducted including different Companies in IT sector.

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Rethinking Retail: Emerging Opportunities and Challenges in India

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Abstract

The Indian retail sector has witnessed a drastic change in the past two decades. The Indian retail is projected to reach $ 1 trillion by 2020 from $ 600 billion in 2015 i.e. double in the aforesaid period. The Indian retail sector is dominated by the unorganised format viz. small independent retailers where as the share of organised retail format is low. This paper has been prepared on the basis of the available literatures and explores the various aspects of the Indian retail sector. India is one of the most preferred destinations for the retailers across the world. The growth rate of the retail market is expected to be 12 per cent and the modern retail trade is expected to grow to $ 180 billion by 2020 from $ 60 billion in 2015. The traditional retail trade is projected to grow at 10 per cent per annum, whereas, the modern retail trade is expected to grow twice the pace of traditional retail trade. The researcher analyzes the present scenario of Indian retailing sector providing emphasis to the emerging opportunities and challenges for the retailers in India. The present research paper reveals the huge opportunities available to the retailers in India in the coming years by combating the weaknesses.

Introduction

India has witnessed a revolution in the past two decades and the retailing scene has never been more exciting both from consumers' and marketers' points of view. Rapid urbanization and changing consumption has led retailers to concentrate their own energies and leverage their own capacities to harness the potential. Organised retail penetration is expected to increase on account of upward urbanization, growing aspiration level of customer, rising income level of customer, expansion of existing players in the retail market, infrastructure augmentation, emergence of new categories of consumer. In 2012, the Government of India has introduced Foreign Direct Investment (FDI) policy that allows foreign retailers to own up to 51 per cent in multi-brand retail and 100 per cent in single brand retail. Earlier, due to the absence of such policy foreign groups where prevented from any ownership in the retail segment. India is one of the most favourable destinations for international retailers. The Indian retail sector is the largest source of employment after agriculture and accounts for 14 to 15 per cent of its GDP.

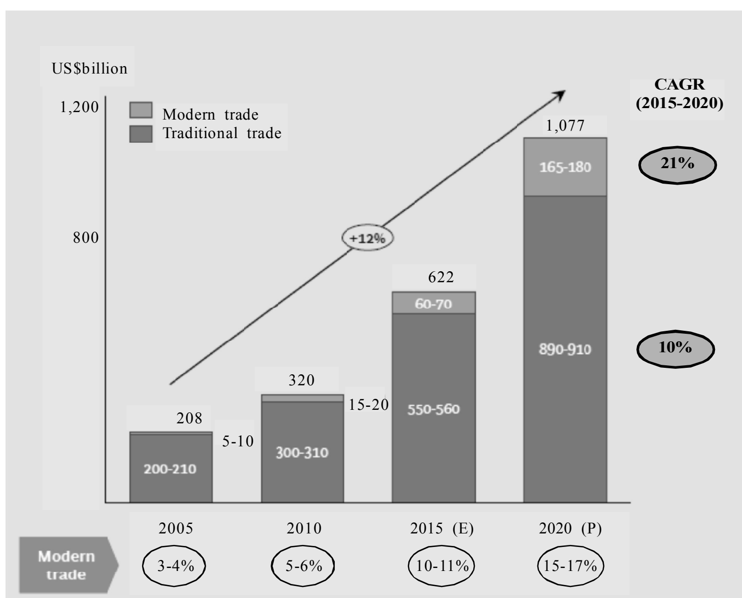

Figure 1: Modern Retail Trade and Traditional Retail Trade Growth

Source : BCG analysis

Retailing is one of the most dynamic sectors and provides ample opportunities for both the domestic and international retailers. The paper is divided into four sections. The first section provides introduction to Indian retail sector, giving a background of the relevance and importance of the study. The methodology and literature review is presented in the following section, which provides relevant literatures and the methods used for the study. The third section deals with the results and discussions. The paper concludes by highlighting the major opportunities and challenges for the retailers in India, together with the strategies best suiting them in the present scenario.

Keywords: *Retail, Opportunities, Challenges, Strategy.*

The Indian retail is projected to reach $ 1 trillion by 2020 from $ 600 billion in 2015 i.e. it is projected to double in the aforesaid period. The growth rate of the retail market is expected to be 12 per cent. The modern retail trade is expected to grow to $ 180 billion by 2020 from $ 60 billion in 2015 i.e. to grow three times in the aforesaid period. The traditional retail trade is projected to grow at 10 per cent per annum, whereas, the modern retail trade is expected to grow twice the traditional retail trade at 21 per cent per annum. The Indian e-commerce market would be reaching to $ 70 billion by 2019 from $ 16-17 billion in 2014 indicating Indian e-commerce market to quadruple by 2019.

The retail sector in India is playing a vital role in the growth of the economy. The retail sector has witnessed lot of changes in the past decades. With the advent of organised retail the overall structure of Indian retail market is changing and international retailers are also playing important role in it. With the changes taking place in the retail market, there are various challenges being faced by the retailers in India. Despite these challenges, there are ample opportunities for the retailers in India.

In this context this study is a modest attempt to identify the challenges and highlight the opportunities for the retailers in India.

Methodology and Literature Review

The focus of the study is to identify the major challenges faced by the retailers in India as well as highlight the various opportunities available to them. The study is primarily based on extensive desk research. Secondary data has been used in the study for in depth analysis of the issues related to retailers in India. Extensive review of literatures provided useful insight about the various facet of the Indian retail sector. The present study is exclusively based on secondary data that has been collected from the various issues of periodical reports on retail sector. The data has been collected from various available sources, compiled, relevant ratios and percentages have been calculated and analysed. An attempt has been made to make a systematic analysis of various aspects relating to Indian retail sector. This analysis is useful in understanding the challenges and opportunities for the retailers in India.

Retailing is one of the most vibrant sectors that initiated many discussions among academicians throughout the world. In India also several studies have been undertaken in this field apart from articles in various newspapers, magazines and periodical reports on retail sector. Few relevant literatures are mentioned in the present study.

Manikyam (2012) studied retailing in India and analysed the challenges in the organized retailing and rural retailing together with the opportunities present there. The main challenge for the organized retailers is the competition from the unorganized retailers whereas the changing consumption pattern is providing huge opportunities for the growth of retailers in India. Singh (2014), studied the present structure of the retail sector in India and analysed the opportunities in it. The young Indian population and the high domestic consumption are favouring the growth of retailers in India. The new FDI policy norms is also providing various opportunities to the retailers and the stakeholders in India. The main challenges for the retailers include shortage of skilled manpower, policy induced barriers, inappropriate planning and forecasting. Goyal and Aggarwal (2009) studied the changes in the retail sector, choice of retail format and the expected development of organized retail in India. They stated that the various challenges in retail sector are on account of changing demographic, social, political, business climate. They further stated that retailers have shifted the focus towards the high disposable income population on account of increasing income levels.

Brennan and Lundsten (2000) studied the impacts of choosing large discount stores in US and reasons by the customer. They found that customer shop at discount stores for the availability at low prices and large variety. Customer prefers specialty stores for the unique collection of items that they cannot find anywhere else. Mittal and Mittal (2000) stated that though the retail sector in India is highly fragmented and unorganized, the scenario is changing swiftly as many international players are entering the Indian retail market in consonance with the expansion of the Indian retailers in the organized segment. They identified two dimensions for creating sustainable store choice i.e. loyalty drivers and experience enhancers that can be used in different combinations. Myers and Lumbers (2008) explored the shopping behaviour of the customer. According to them the retail spaces are not only more focussed towards catering the young population, but at the same time, they also need to take care of the older segment interests. The findings of the study show that it is important for the retailers to use perceived age rather than chronological age in determining their marketing strategies. Gupta et al. (2009) found that organized retailers are finding tough to be profitable in India as the market is highly fragmented. The Indian market is not only large, but, also promising and retaining existing customers is important strategy and is five times more profitable than adding new customer. The result showed that the customer's perceived value is an important indicator of their continuance and hence the organized retailers should focus on strategies that makes customer experience valuable and convenient in order to retain them.

Srivastava (2008) studied the changes in Indian retail taking place as many MNCs and large industries entering in it. He stated that the focus of retail is shifting towards meeting the different hierarchy of needs of customer. Together with the organized retail, small retailers have also improved their services to cater to consumers. Credit facilities and home deliveries are helping them to retain their customer. Arshad and Hisam (2008) studied the major factors responsible for the growth of retailing in India. They stated that India has increasing young population and this population base will have huge contribution in the growth of the Indian retail sector. The global lifestyle and her integration with the world economy are going to boost the Indian retail in the years to come. Robinson (1998) stated that the future evolution of retailing will be the development of the multiple format together with the procurement from suppliers of indigenous consumer goods. Lather et al. (2006) studied the strategies adopted by the retailers to keep pace with the changing mood of the customer. According to them there are six main indicators i.e. price, sales personnel, quality of merchandise, assortment of merchandise, advertising services and other convenience services that play important role in taking decision for a specific type of retail format. Jain and Bagdare (2009) stated that customer experience is a major tool for achieving competitive advantage. The marketing productivity is enhanced by positive customer experience. The study explored the major determinants of new retail format by analyzing customer expectations.

In India and other developing countries, retail sector is playing vital role in the growth of the economy and is becoming important part of the economy. Generally, retail sector comprises of organised retail and the unorganised retail i.e. small independent retailers. The advent of organised retail has not only changed the overall structure of the retail market but also the future of it. The rapid urbanisation and changing consumption is the major reason underlying it. From the above review of literature, it is clear that the overall scenario of the retail market together with the retailers and the consumers are changing. Hence, it would be worth understanding the various challenges faced by the retailers in India and the opportunities available to them.

Results and Discussion

Indian retail sector has not only emerged as one of the largest industry contributing to employment generation and revenue generation but has also emerged as one of the most dynamic and fast paced industries with many big players entering the market. The retail sector comprises of the organised retail formats like malls, supermarkets, hypermarkets, discount stores, speciality stores, branded stores, department stores and convenience stores, and the unorganised retail i.e. small independent retailers. This is in congruence with Popkowski et al. (2001) who observed that the changes in retail structure have provided the consumers with additional options for their shopping. Presently, consumers have got more options in the form of various types of retail formats ranging from small retailers offering personalized services, convenient locations at one end to large megastores and hypermarkets offering one stop convenience and low prices at the other end. Hino (2010) studied the modernization of retailing including the adoption and usage of modern retail formats like supermarket and hypermarket. He highlighted the factors responsible for expansion of supermarkets and replacing traditional retail formats which were identified as consumer economic abilities and format outputs. Presently the consumers are able to choose from traditional retail formats to modern retail formats and is dependant on the population. Kokatnur (2009) found that organized retail in the form of malls, supermarkets and hypermarkets are growing rapidly and affecting the existence of small independent retailers on account of aggressive strategies adopted by them. The study analyzed the impact of organized retail strategies on unorganized retailers' and identified that service and promotion are the major strategies used by organized retailers that affect the unorganized retailers. The results further unfolded that service and technology up-gradation are used by the small independent retailers in response to the organized retail.

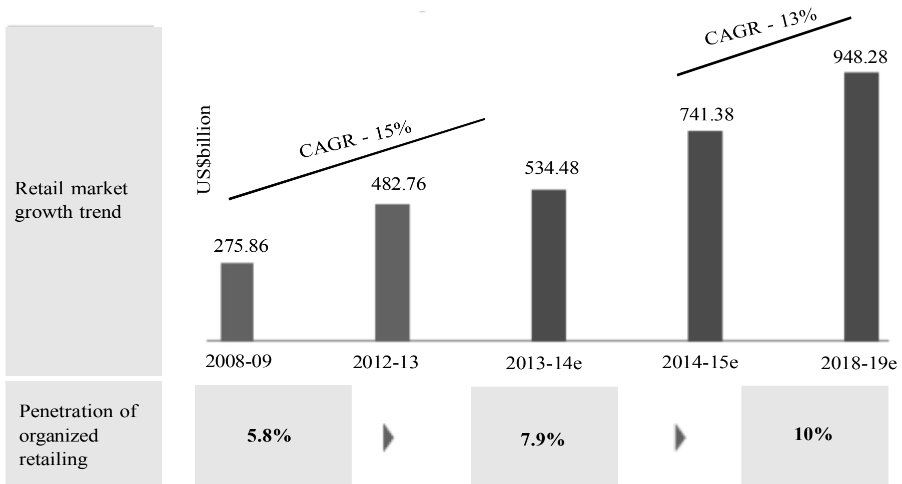

Figure 2: Retail Market Growth Trend

Source: Crisil Research Estimates – 2014

Presently, the share of organised retail is low (8 per cent) whereas the share of unorganised retail is 92 per cent in India. The penetration of organised retail is expected to increase in the coming years as the organised retail in India has got strong growth potential, and has also been found from the study of Mishra (2007) who stated that organized retail is gradually making space among the various sections of the society. He explored the way in which the organized retail has changed the structure of the traditional retail and the consumption behaviour in India. The study revealed that the consumers prefer organized retail format due to convenience and variety.

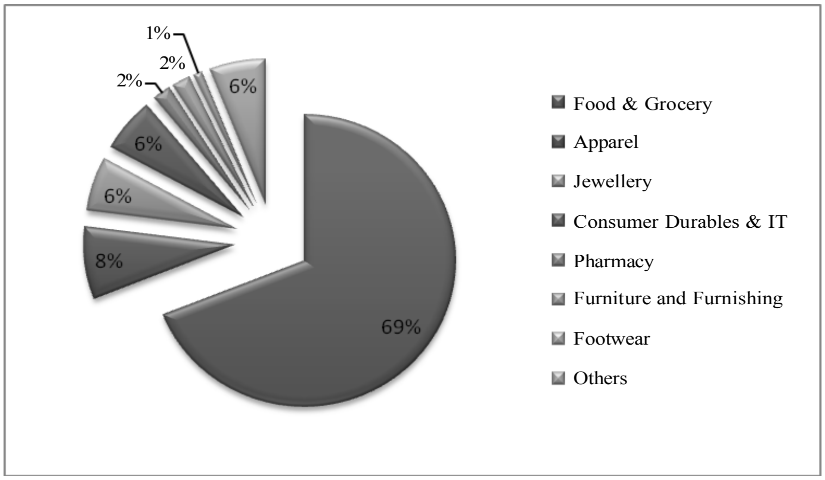

Figure 3: Market Break-up by Revenues (March 31, 2014)

Source: Technopak, Indian Retail Market January 2013, Deloitte, A Report on 'Changing Trends: Gems & Jewellery Industry' by Onicra, TechSci Research

Retail can be divided into various categories like food & grocery, apparel, jewellery, consumer durables and IT, pharmacy, furniture and furnishing, footwear and others. Food and grocery account for the largest share in the Indian retail market (69 per cent) in terms of revenue followed by the apparel (8 per cent).

Table 1: Retail Category Share & Organised Retail Penetration

Retail category total market 2014-15	Category share as a % of	Organised Retail Penetration (%)
Food & beverage	69-70	2-3
Clothing & textile	11-13	17-20
Consumer durables	4-5	15-20
Home décor & furnishing	3	5-6
Beauty, personal care	8-11	6-10
Footwear	2	16-17
Others	3-4	9-30

Source: Ministry of Statistics and Programme Implementation, A Report on 'Retail reforms in India' by PwC, TechSci Research.

Food and beverage captures the highest share of 69-70 per cent in total Indian retail market in 2014-15. The organised retail market penetration is around 2-3 per cent signalling huge growth opportunity for the organised retail in this category. Clothing and textile has got the next highest share of 11-13 per cent but the penetration of organised retail in this category is 17-20 per cent. Similarly in the footwear category and consumer durables category the organised retail penetration is 16-17 per cent and 15-20 per cent respectively and the reason underlying this is the changing lifestyle of the consumer, more product offerings and large range of prices.

Challenges

On the basis of the literature review and information collected through various available resources the major challenges identified for the retailers in India are as follows:

Heterogeneous market: In the retail market consumers play very important role as Moschis (2003) examined the shopping behaviour of the consumer and found that it varies according to their age. The change in the demographics and the aging of the population affects the composition of consumer markets and it poses both opportunities and challenges for the retailers. Retailers always need to be prepared for the changing consumer market. The demographics of the Indian consumer is highly diversified. The heterogeneous market has a significant impact on the outlook for growth and consumption which is supported by Mishra (2008) who analysed the Indian retail market, factors affecting the growth of the retail, retailers' response and changing consumers' aspirations. He presented the various opportunities for the modern retail in his study like growing economy, rising awareness, rising incomes, demography, rising young population, changing lifestyle and foreign direct investment etc. There are also various weakness and threats for the modern retail formats like rising real estate cost, work force related issues, poor supply chain and regulatory hurdles etc.

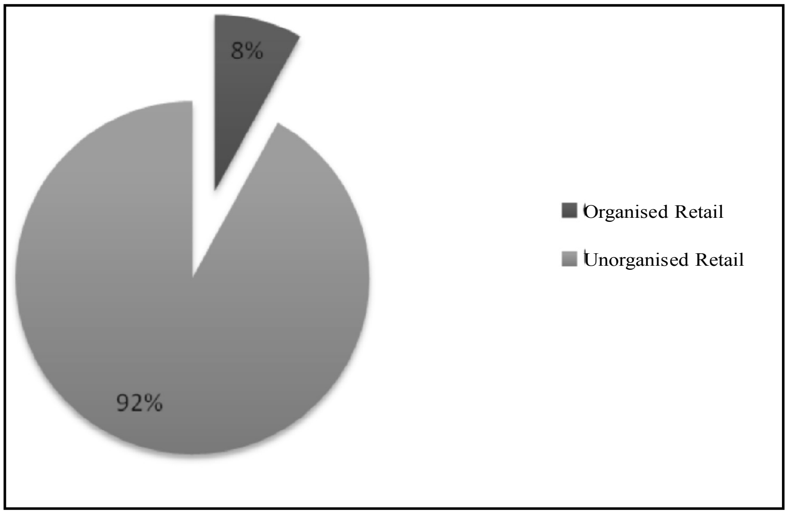

Figure 4: Share of Organised and Unorganised Retail

Source: KPMG, India Retail Next Growth Story 2014, TechSci Research

Share of organized retail is very small: Retailing in India is dominated by the unorganized sector and the share of organized sector is very small. The organized retail share is only 8 per cent which is very low in comparison to other countries like US (85 per cent).

Poor infrastructure: There is a lack of storage and transport logistics that often leads to huge wastages. The poor infrastructure with respect to roads, railways, ports, cold chains and electricity has led retailers to resort to multiple vendors for their requirements, thereby raising costs and prices.

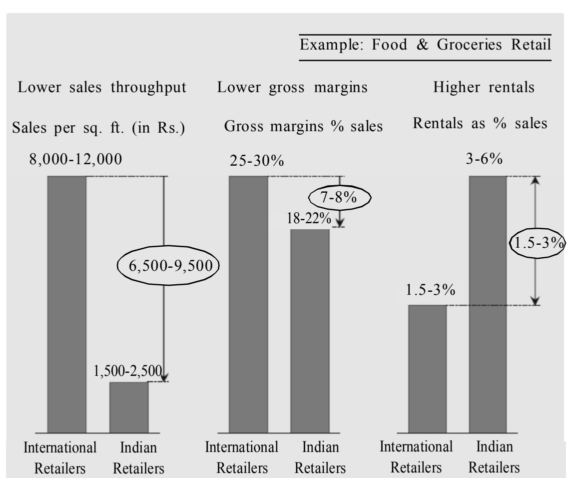

Figure 5: Economics Challenges in Indian Retail

Source: BCG analysis

Economics challenges: The several challenges faced by the retailers are both on demand side as well as supply side. The major challenge for the retailers on the demand side is that they are unable to leverage the willingness and paying ability of the customer because the pricing and promotions are not properly carried out. Coming on to the supply side, the retailers have got low bargaining power with the suppliers due to limited scale and its add to high costs of goods sold (COGS).

Concerns related to real estate: The real estate prices and rentals are escalating in large cities due to increase in demand. Lack of ownership titles and high stamp duties are also matter of concern for the retailers. Non-availability of Government land and various restrictions has also added to the difficulties of getting a good real estate in terms of size and location to the retailers.

Issues related to work force: Its becoming challenging in the retail sector to find, train and retain talent. Lack of quality talent pool and increasing attrition has become a challenge for the retail sector. New retail concept change business and technological process and brings new knowledge and skills. It raises the demand for new and special skills from retailers. Together with entrepreneurship, creative thinking and inspiration has become important component in retail business.

Concerns related to regulatory environment: Even though the Government is attempting to bring conducive regulatory environment and trying to ease the business transaction but as of now there is multiple and complex system prevailing in the country. There is no uniformity in taxation system. Indian states have got different structure of sales tax, making it a complex and multiple taxation system and increasing the cost for the retailers.

E-tailing concerns: The major issues related to e-tailing are service, distribution and logistics. Security issue is another challenge in front of the retailers. Lot of consumers still refrain from online purchases due to lack of trust and privacy concerns. The retailers are also suffering with incorrect deliveries and higher instances of return on account of cash on deliveries facilities.

Omnichannel quandary: Retailers are facing problem in creating an Omni Channel. The main dilemma regarding this are:

Stock visibility and its availability: Customer expectations are high and have varying demands, hence it is important for the retailers to maximize the stock they have and ensure its availability through various selling channels.

Technology, data management and innovation: It is important for the retailers to leverage technology and maintain updated database to meet increased customer expectation who accesses lot of product information. Technology and system capabilities keep on changing and hence it needs to be updated and replaced through innovative solutions.

The evolving customer profile: Today's customer are highly informed and hence need marketing differently than a few years ago. The universe of retail options is seemingly endless and this makes it very challenging for the retailers to attract new customer as well as retain the existing customers. Customer expects the best of everything due to availability of new technologies that provide them unique access to information relating to products.

Opportunities

Despite several challenges as discussed above, still there are ample opportunities in the Indian retail market. The Indian retail market is expected to grow to $ 1.3 trillion by 2020. The GDP of India is expected to grow at 8 per cent over the next three years making it one of the world fastest growing market.

With the approval of FDI up to 100 percent in single-brand retail and cash-and-carry trading, international retailers are focussing on these formats of retail. Walmart has plan to add 50 new wholesale stores in India in the next five years. There are many other retailers across the world who are eying India to open single brand stores like Japan based Asics, France based Sisley and Danish retailer Bestseller. Halepete et al. (2008) explored the challenges that Wal-Mart is likely to face in Indian retail market. They stated that the

Indian retail is expanding internationally on account of saturation of market, and, the challenges from the international players.

The various opportunities for the retailers in the Indian retail market has been summarised as follows:

Large number of retail stores: India has got large number of retail outlets and is globally one of the most preferred retail destinations. Together with this the retail sector is experiencing significant growth, with integrated development taking place in tier I, tier II and tier III cities.

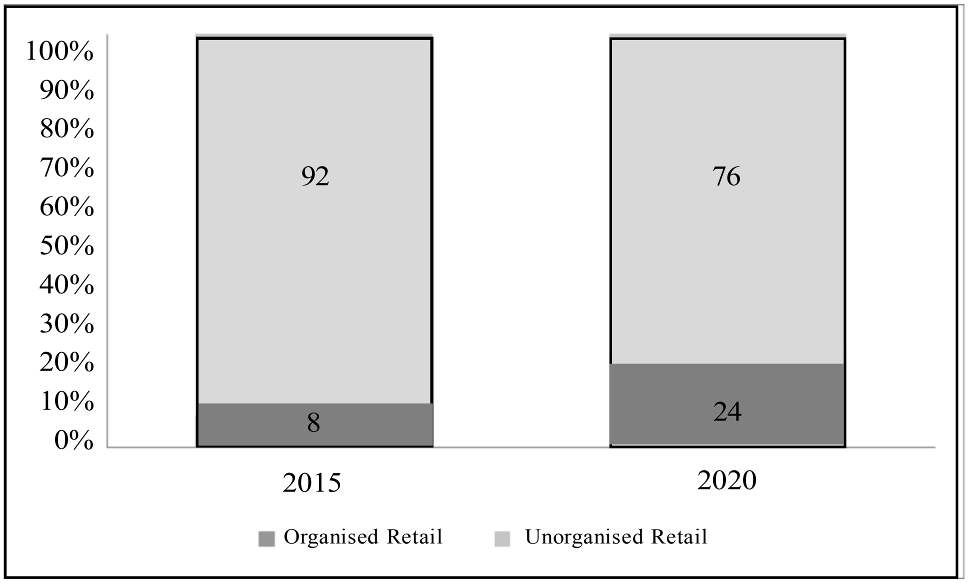

Figure 6: Scope for Expansion in Organised Retail

Source: BCG, KPMG – Indian Retail Next Growth Story 2014, Indiaretailing.com, Deloitte Report, Winning in India's Retail Sector, TechSci Research.

Significant growth potential in rural markets : Rural India constitute 70 per cent of the total population base of the country and rural market constitute a significant consumer base as currently it accounts for only 40 per cent of the total consumption in India. With increasing investment and infrastructure development, retailers have got ample opportunities to increase their access to potential rural markets.

Rising youth segment, working women population and number of millionaires: India's population is young and this generation is also earning at a younger age. Adding to this segment of population is the working women population which is expanding considerably. Both this segment of population forms a significant customer base for the retailers. Luxury retailing in India is gaining prominence in India due to increase in the number of millionaires which is second fastest in the Asia-Pacific region.

Rising incomes and increasing disposable income of middle class: Over the years, there has been increase in the purchasing power of the middle-class due to rise in the incomes. India has a large middle-class of 75 millions households whose disposable income has risen leading to considerable level of change in their spending habits.

High brand consciousness and changing consumer preferences: Together with the expansion in the size of the middle-class and the rise in their incomes, there is also high brand consciousness. They are getting more attracted towards spending on branded products. Increase in the advertisements is playing important role in bring high brand consciousness. The lifestyle of the Indian consumer is changing and urbanization is playing an important role in it. Growing urbanization is responsible for the consumer psyche.

Encouraging regulatory environment and focus of investors: There have been various reforms taken already with FDI upto 51 per cent approved in multi-brand retail and 100 per cent approved in single-brand retail and for cash and carry (wholesale) trading and exports. Introduction of Goods and Services Tax (GST) as a single unified taxation system is also expected very soon. Together with this the government has aligned the foreign direct investment with NIC code to ease the business dealings. Favourable FDI policy is encouraging investors across the world to invest in India. Foreign retailers are continuously entering the Indian market.

Increasing internet reach: Internet users are growing day by day in India due to increasing proliferation of smartphones, lower cost of connectivity and expanded reach. Hence as a retail channel e-commerce has been witnessing a phenomenal growth over the last couple of years. Indian customer are getting engrossed to e-commerce on account of broader assortments, greater convenience and higher discounts together giving them superior value proposition.

Accessibility to credit: The easy availability of credit have contributed to a strong consumer culture in India. The use of plastic money has augmented the growing consumer culture. The convenient and secured financial transactions are giving advantage to the e-retailers.

Retail innovation: With the advent of the modern retail format lot of changes can be seen in this sector especially at the level of research and development. Retail innovation can be seen both in the front end as well as back end. Through retail innovation in the front end, the shopping experience of the customer is becoming easier and more comfortable. The retail innovation at back end is aiming at increasing productivity, efficiency and reducing efforts of the customer by achieving faster time to market.

Concluding Remarks

The last decade has witnessed lot of changes in the Indian retail sector. Though the Indian retail sector is dominated by the unorganised sector i.e. the small independent retailers but the retail landscape of India is changing rapidly with the advent of the modern retail format. The present study finds that there is huge potential in the Indian retail space and it is evolving rapidly. The penetration of organized retail is gradually increasing. India is becoming one of the most attractive retail destinations globally. The retail sector is one of the most promising sector in current scenario and has got huge opportunities. Rapid urbanisation and changing consumption pattern in India are proving to be a boon for the retail sector. Rural India is providing great opportunity for the retail market to expand, as it constitutes 70 percent of the total population and still remain completely unexplored. Rising incomes, growing youth segment and working women population are providing ample opportunities to the retailers to grow. India has also got large middle class base whose disposable income is rising leading to considerable level of change in their spending habits. Together with the expansion in the size of the middle class and the rise in their incomes, there is also high brand consciousness and changing consumer preferences. There are also other factors providing opportunities for growth of retailers like rising internet reach, easier access to credit, research and development together with innovative concepts.

There have also been various initiatives and reforms taken by the government like approval of FDI upto 51 percent in multi-brand retail and 100 percent in single brand retail that is encouraging investors globally to invest in India.

There are also various challenges. India provides a heterogeneous market and retailers always need to be prepared for the changing consumer market. The demographics of the Indian consumer is highly diversified and it significantly impact the consumption. Retailing in India is dominated by the unorganized segment and the share of organized retail is very small. There is an uneven competition going on between the organized and the unorganized retailing. The other important concerns for the retailers are the poor supply chain and the real estate concerns. There is lack of storage and transport facilities that often lead to huge wastages. The real estate prices in India and rentals are escalating specially in large cities.

It’s also becoming challenging in the retail sector to find, train and retain talent. Lack of quality talent pool and increasing attrition is raising concerns of the retailers.

Even though the government is attempting to bring conducive regulatory environment and trying to ease business process but as of now there are concerns like multiple and complex taxation system. Indian states have got different structure of sales tax, making it complex and multiple taxation system and increasing the cost of the retailers. E-tailing is also facing with challenges like services, distribution and logistics. Security issues and frauds are raising the concerns of the retailers.

To meet the various challenges and to make the best use of the opportunities available, the retailers are adopting and can adopt various strategies. There are different strategies suiting different types of retailers. Lowering prices by the retailers helps in their sales maximisation. Value added services like customer loyalty schemes, happy hours of shopping, offers for senior citizens, students etc. retain existing customer and attract new customer. The various strategies that can be adopted by the retailers are development of strong supply chain network and leveraging partnerships for meeting consumer demands. Marketing innovation is another important strategy to reach the huge customer base together with focus on maintaining competitive advantage. Online retail business has high potential for growth as it is next generation format after physical stores. Together the rapid emergence of organised retail and gradual increase of online retail business is going to augment the growth of retail in India.

It is time to rethink the retailing strategy and rewrite the whole saga once again with new ingredients and old spices for a new generation.

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Analysis of Change in Logos on Consumers and the Company

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Abstract

A logo is defined as the official visual representation of a corporate or Brand name, and the essential component of all corporate and brand identity programs. Due to the entrepreneurial importance of logos in consumer sentiments (positive or negative attitudes) and brand awareness, great amounts of investments are made because management expects that logos can add value to the reputation of an organization. The objective of this research was to study the importance of logos in consumer perceptions of a company and its products as well as to study the effectiveness of logos on organizations' performance.This topic is very important and relevant because of the increasing trend of companies to change their logos and many companies are curious as to how it effects the company's operations and the image it has on the minds of the consumers. Some of the major examples of companies that changed their logos recently are Reebok, Cadillac and Google. 100 customers of different age groups, gender, area and different income group were taken. This research work doesn't require a secondary data collection as it is completely based on present way of approach of customers due to change in logos of their favourite brand. The focus is on what are the changes in the buying attitude of customers due to change in or modifications in the present logos. Also this research ponders upon the variation in trust factor of customers and many more aspects. Focus was also upon company's clients towards change in logos. A primary research

Introduction

In the study "Conquering the World with Logos" we approached various customers of different age groups, gender, area and different income group. Our research work doesn't require a secondary data collection as it is completely based on present way of approach of customers due to change in logos of their favorite brand. We have focused on what are the changes in the buying attitude of customers due to change in or modifications in the present logos; we have pondered upon the variation in trust factor of customers any many more aspects. We even focused upon company's clients towards change in logos. A primary research involving a questionnaire consisting of 16 questions for customers and 10 questions for company's clients that try to bring out relevant data to meet the objective of the research was developed and used for the survey.

Objectives

- To study the importance of logos in consumer perceptions of a company and its products.
- To study the effectiveness of logos on organizations' performance.

Limitations

1. The research was limited only to Pune.

Review of Literature

Kilic (2011) in his work summarizes that the development of brand identity is essential for strong, well known and trusted brands. The brand identity depends on a set of brand associations that consumers perceived as unique promises of the brand. These associations are related to the brand awareness and ultimately brand choice in purchase decisions. Brand logo serve as the visual cue in consumer choice and purchase decisions. Given the importance of the role of logos on brand identity and performance, most literature on logos have focused on how to design effective logos and associations made based on the design. Most of them are nonacademic articles. Similar to brand associations, logo associations may be product attribute, service quality, and experience related.

involving a questionnaire consisting of 16 questions for customers and 10 questions for company's clients that try to bring out relevant data to meet the objective of the research was developed and used for the survey. The questionnaire was prepared and responses of the customers were taken on one to one basis and responses of clients were taken either using mail or one on one meeting. The questionnaire was prepared using both Microsoft office and Google docs. Results revealed that in day to day life the preferences of customers change due to even a slight change in logos. The preferences and trust factor of the customers depend upon the income and age group of the consumers. It was also found thatthat male consumers are much conscious about the brand than female consumers. There is also a difference in market share of the company due to a change in logo. This research can help companies to change its image and bring about a positive impact using logos. To conclude we can see that logos do have great impact on the company as well as the consumers.

Keywords: *Logos, Companies, Income, Change, Impact, Purchasing Pattern.*

Hynes (2009) provides empirical evidence that colour and design of the logos are directly related with representativeness. Colour and meaning of the logo are closely linked for implicitly illustrative or pictorial logos. Consumers can elicit strong associations among designs and meanings for abstract logos, however, colour choices can vary widely. In short, consumers can drive meaning from colours as well as designs. Extrinsic properties of logos, on the other hand, originate from associations with the company or brand. Accumulation of perceptions about past actions of the brand and intensity of communications of values of brand to internal and external audiences define brand associations.

Research Methodology

1. Selection of Sample

The best approach to collect primary data is by random sampling method. Hence, for the present study, primary data was collected data from randomly chosen 90 consumers and 10 companies or startups from the urban area of Pune across different generations (students, working professionals, households) focusing mainly on upper and middle income groups.

2. Collection of Data

Primary data: We distributed questionnaires physically to our target population. We had two different questionnaires for service providers and consumers to evaluate their awareness towards importance of logos. We chose questionnaire form of data collection because it is the only way where in the consumers can fill in the data themselves without any bias, judgment and influence of the surveyor. Moreover it helps the subject to clarify his/her doubts.

Hypothesis

H_0: Change in logos has no effects on consumer purchasing style.

H_1: Change in logos has effects on consumer purchasing style.

Results

Table 1: Affect in Purchasing Pattern with the Change in Logoof Favourite Brand

SNo	Affect in purchasing pattern with the change in the logo of your favourite brand	Percentage (%)
1	Yes	52
2	No	48

Figure 1: Showing Affect in Purchasing Pattern After Change in Logo

Discussion: From table 1, it was seen that there is about 52% of the population whose purchasing pattern is affected due to the change in logo or brand of their favourite brand and for the remaining 48% their purchasing pattern is not at all affected by the change in logo.

Table 2: Switching to Another Branddue to a Change in Logo

SNo	Switching to another branddue to a change in logo	Percentage (%)
1	Yes	39
2	No	61

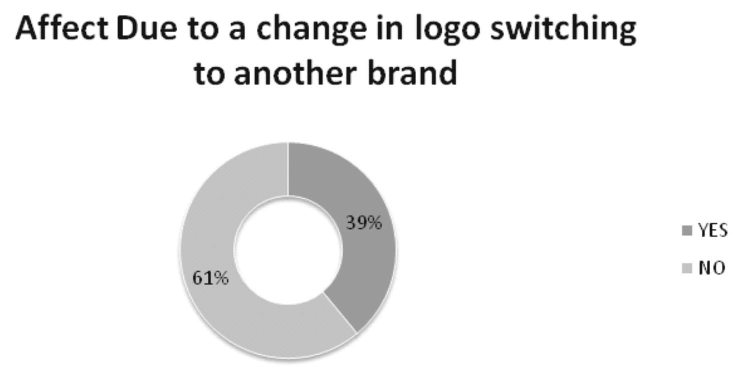

Figure 2: Showing Affects Due to Change in Logo Switching to Another Brand

Discussion: From table 2, it was seen that 39% of the total respondent replied that they will switch to another brand due to change in the logo or color or size of their present logo. 61% of the total respondent replied that they will not switch to another brand additionally they also said that they trust their brands at a high level.

Table 3: On a Scale of 1 to 5 (With 1 Being the Least and 5 Being the Maximum), the Effect of a Change in Logo Have on the Decision to Purchase a Product

SNo	Effect of a change in logo have on the decision to purchase a product	n=100	Percentage (%)
1	Strongly Agreed	19	19
2	Agreed	43	43
3	Neutral	6	6
1	Disagreed	13	13
2	Strongly Disagreed	19	19

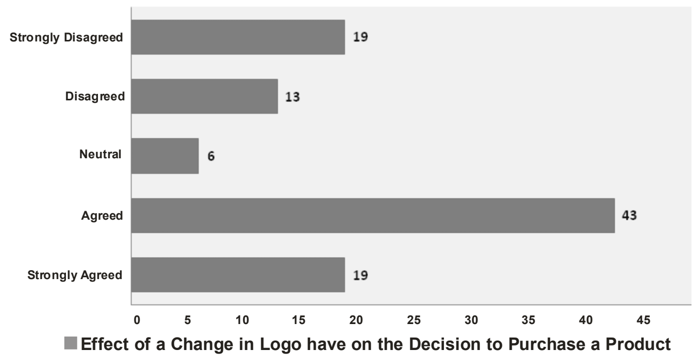

Figure 3: Showing the Effect on Decision Due to Change in Logo on the Decision to Purchase a Product

Discussion: From table 3, it was seen that 19% of the total respondents strongly disagreed and stated that their purchasing decision is not affected due to change in logo, 13% of the total respondents disagreed and stated that their purchasing decision is not affected due to change in logo, 6% of the total respondents were neutral, means they are not so respondent or neutral to change in logos. 43% of the total respondents agreed that their purchasing decision is affected due to change in logos or brands and 19% of the total respondents strongly agreed that their purchasing decision is affected due to change in logos and brands.

Table 4: The Consumer Evaluation of Brand Extensions

Sno	The consumer evaluation of brand extensions	n=100	Percentage (%)
1	Yes	56	56
2	No	44	44

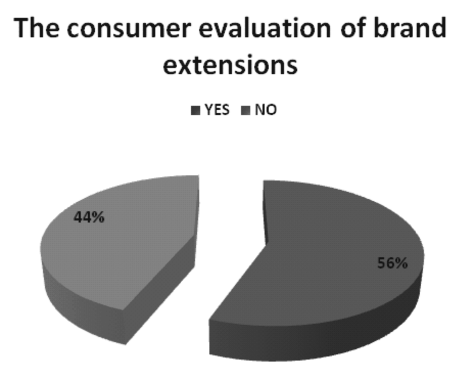

Figure 4: Showing the Consumer Evaluation of Brand Extensions

Discussion: In table 4, the yes refers to the trust that is extended by the consumer to the brand extensions which is 56% as against the 44% of the consumers who would have a hard time trusting the brand extensions even if they are loyal to their brands.

Hypothesis testing

Summary Output

Regression Statistics	
Multiple R	1
R Square	1
Adjusted R Square	65535
Standard Error	0
Observations	2

ANOVA: Two-Factor Without Replication

Summary	Count	Sum	Average	Variance
Row 1	2	105	52.5	12.5
Row 2	2	78	39	72
Column 1	2	100	50	50
Column 2	2	83	41.5	144.5

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Rows	182.25	1	182.25	14.87755	0.161494	161.4476
Columns	72.25	1	72.25	5.897959	0.248668	161.4476
Error	12.25	1	12.25			
Total	266.75	3				

The hypothesis was tested between the gender and the positive change with the change in colour of the logo. The result obtained was positive correlation.

Conclusion

On studying the topic "Analysis of change in logos on consumers and the company" it was found that most of the customers are loyal and possessive for their brand. It was found that the trust level of the customers is affected by change in color, size or even complete change in logos or brand, they feel that either they trusted the wrong brand, company is in loss that the reason it need to change its logo, its present brand or logo is unable to capture the current market proportion. Analyzing the topic to its epitome we found that out of total population studied, men are more brand conscious than women. Women switched to various different brands very easily as compared to men. It was also found that the effect of change in logos is different for different age and income groups. It was found that people with high income level are very brand conscious than middle class people, they do not want to switch to other brand as they feel that it can affect their prestige quo.

The effect of change in logos is much higher than imagined.We even tried approaching the company's client regarding change in logo and the importance of logo for a company. According to the questionnaire filled by them we analyzed that logo is essential to operate a company smoothly, we also got various reasons for the need of logo for a company's success such as it defines a company in a much simpler way, it has a deeper impact on customers' mind, a logo with an attractive advertisement can do wonders, success of logo defines the success of a company etc. we also tried asking them the their views on impact of color and size of logo on a customer. We asked them regarding the reasons for failure of any logo in the market. We tried getting information regarding if a customer has a negative impact on change or modification of a particular logo what all they can do to change the customers' approach towards logo. We even tried to study regarding market, we asked them what will be the change in market share due to change in current logo and what percent of market we would be able to capture due to change or modification in a logo. We analyzed from the clients and company's point of view the effect of change or modification on competitors and what can be their reaction on this.

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E-Banking Scenario and its Impact on Customers' Satisfaction in India

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ABSTRACT

The present study aims to examine the progress of e-banking scenario concerned with ATMs, Internet banking, Mobile banking and Credit cards and their impact on customers' satisfaction by analyzing the problems faced by the customers in India. The analysis shows that among all the e-banking products, Customer Satisfaction Level (CSL) of ATMs is highest and the number of users of ATMs is also highest as compared to other services. Internet banking and credit cards are at second and third position as far as CSL is concerned, but the number of users is more in case of credit cards as compared to Internet banking. Mobile banking is at the lowest position in terms of CSL and also in number of users.

Keywords: E-banking, ATMs, Internet banking, Credit cards, Mobile banking, Customers' satisfaction level (CSL)

Introduction

Most of the banks today have electronic system to handle their daily voluminous tasks of retrieval, storage and processing of information. Banks by their nature are continually involved in all forms of information management on a continuous basis irrespective of whether they are automated or not. Computer is an established tool for achieving the competitive edge and optimal allocation of resources these days. Competition and the constant changes in technology and life styles of the customers have changed the face of banking. Nowadays, banks are seeking alternative ways to provide and differentiate amongst their varied services. Customers, both corporate as well as retail, are no longer willing to queue in banks, or wait on the phone for the most basic of services. They demand and expect to be able to transact their financial dealings where and when they wish to. With the increasing number of computers every year, electronic delivery of banking services is becoming the ideal way for the banks to meet their clients' expectations. E-banking refers to the effective deployment of IT by the banks. It is about using the infrastructure of the digital age to create immediate opportunities - both locally and globally. For users, it provides current information, 24-hours-a-day access to banking services. It enables the dramatic lowering of transaction costs and the creation of new types of banking opportunities that address the barriers of time and distance. The current web-based variant of banking is the latest of several generations of systems: ATM was the first well-known machines to provide electronic access to customers of retail banks. With advent of ATM, banks are able to serve customers outside the banking hall. Next came phone banking which allowed the customers to interact with their bank by means of a computer. UBIs, which are the foundation of the Indian banking system, account for more than 78 per cent of the assets of total banking industry. Unfortunately, they are burdened with excessive NPAs, massive manpower and lack of modern technology. On the other hand, the PSIBs and PSFBs in India are witnessing immense progress. They have an edge over the UBIs in the implementation of technological solutions. They are leaders in internet banking, mobile banking, credit cards and ATMs.

Literature Review

Various articles on some aspects of e-banking appeared in various journals and magazines, but they are restrictive in nature and do not show a comprehensive picture. A brief review of some of the relevant literature is as under:

Raj (1996) observed one reason why Indian banks are lagging behind their counterparts in the west that is because infrastructure needed to speed the process remains lacking. Mookerji (1998) expected that sophisticated highly competitive internet banking will develop in future. Ryder (2000) suggested that the legal challenges of internet banking in India comprise information security and regulatory compliance. Manmohan and JaiGanesh (2002) examined the broad security issues related to banking on the internet and proposed a three staged capability model to facilitate brick and mortar banks take their services online as well as analyzed the stage of maturity of their banking services. Yibin (2003) analyzed the status, trends, challenges and implications of e-banking and concluded that e- banking could not only improve the access to finance but also with better and more competitive rates. Trehan et. al. (2004) analyzed how traditional banking differed from relationship banking with the Porter's 5-Forces Model in the banking industry. Parsad (2004) examined the nature and types of credit card frauds, its effects and preventive measures. Sali (2004) studies customers' satisfaction about ATM cards and concluded that to service the banks will increasingly need superior customer service along with good quality products and assets. Shajahan (2005) studied the level of customer's satisfaction on various modes of banking services such as internet, phone, branch and ATMs in India. Sinha (2005) explained the various aspects of debit and credit cards and concluded that usage rate is very low in India. Hundal and Jain (2006) articulated the stimulating and inhibiting attributes in the adoption of mobile banking and outlined some managerial applications. Khan et. al. (2009) evaluated the service quality of internet banking services in India from customers' perspectives and concluded that customers are satisfied with service quality of four dimensions such as reliability, accessibility, privacy/security, responsiveness and fulfillment, but are least satisfied with the 'user-friendliness' dimension.

Given this background, it is interesting to analyze the e-banking scenario and its impact on customers' satisfaction in India. In a quest to seek an answer, the present study is undertaken with specific research objectives as envisaged in the following section.

Objectives of the Study

The present study aims to examine the progress of e-banking in India. In this broader framework, an attempt is made to achieve the following specific objectives:

- To analyze the present e-banking scenario concerned with ATMs, Internet banking, Mobile banking and Credit cards in India.
- To examine the impact of ATMs, Internet banking, Mobile banking and Credit cards on customer satisfaction by analyzing the problems faced by the customers in India

Rresearch Hypotheses

To achieve the objectives of the study, the following hypotheses are formulated:

$H_0$1: There is no significant difference in the present e-banking scenario of ATMs, Internet banking, Mobile banking and Credit cards in India.

H_a1: There is a significant difference in the present e-banking scenario of ATMs, Internet banking, Mobile banking and Credit cards in India.

$H_0$2: There is no significant difference in the impact of ATMs, Internet banking, Mobile banking and Credit cards on customer satisfaction in UBIs, PSIBs and PSFBs in India.

H_a2: There is a significant difference in the impact of ATMs, Internet Banking, Mobile banking and Credit Cards on customer satisfaction in UBIs, PSIBs and PSFBs in India.

Research Methodology Data Collection

The present study is of analytical and exploratory nature. Accordingly, the use is made of primary data. The primary data is collected with the help of pre-tested structured questionnaires from a sample of 450 respondents (150 respondents from each group) of selected branches of UBI from Uttar Pradesh, Delhi, Bihar and Madhya Pradesh. But the data obtained from 450 (ATMs), 366 (Internet banking), 240 (mobile banking) and 402 (credit cards) is found suitable and complete and is used for further analysis. The branches and respondents are selected with the help of convenience sampling method.

Data Analysis

The collected data in the present study are analyzed through descriptive and inferential statistical techniques. The analysis has been in conformity with the objectives of the study and the hypotheses formulated to achieve the objectives. In order to examine the level of customer satisfaction regarding various e- banking services and their interplay in different banks, various statistical techniques like frequency distribution, percentage, mean, standard deviation, chi- square and ANOVA have been used. The application of normal distribution has been followed in order to categorize the different variables. The level of customer satisfaction of the respondents regarding ATMs, Internet banking, Mobile banking and Credit cards is assumed to be normally distributed. The level of customer satisfaction of the respondents is divided into three categories, i.e. below average, average and above average levels, which have been defined as Low, Medium and High level of satisfaction respectively. The lower and upper limits of average level have been calculated with the help of the following formula:

Lower limit of average level = Mean - 1 Standard deviation

Upper limit of average level = Mean + 1 Standard deviation

The two stage analytical approach is used to analyze the data. In the first stage, total CSL and usage rate of various services is analyzed. Total CSL shows the total weighted value of all the variables of customer satisfaction. In the second stage, ANOVA is used for summarizing the difference between the levels of customer satisfaction.

Results and Discussions

E-banking scenario is analyzed regarding four major e-banking products i.e. ATMs, Internet Banking, Mobile Banking and Credit Cards in terms of customer satisfaction level on the basis of various variables like length of the use of service, frequency of complaints, grievance settlement system, reliability of service and level of satisfaction for the service, etc.

1. Period of Use

The present scenario of ATMs, Internet Banking, Mobile Banking and Credit Cards is measured in terms of the length of the period the respondents are using a particular service. For this purpose, time is divided into five sub-heads i.e. less than 6 months, 6 months to 1 year, 1 to 2 years, 2 to 3 years and more than 3 years. Table 1 and figure 1 envisages that ATM is the oldest service in use. Out of total respondents, maximum 79 per cent respondents are using it for more than 3 years. Credit cards are at second position with 48 per cent users. Internet and Mobile banking are at third and fourth position with 44 per cent and 28 per cent users respectively.

Table 1: Period of Use

No. of Respondents (percentage)

Period of use	ATM	Internet Banking	Mobile Banking	Credit Cards
a) Less than6 months	30(07)	48(13)	90(38)	30(08)
b) 6 monthsto 1 year	06(01)	30(08)	24(10)	30(07)
c) 1 year to2 years	18(04)	66(18)	30(12)	84(21)
d) 2 years to3 years	42(09)	60(17)	30(12)	66(16)
e) More than3 years	354(79)	162(44)	66(28)	192(48)
Total	450(100)	366(100)	240(100)	402(100)

Source: Survey

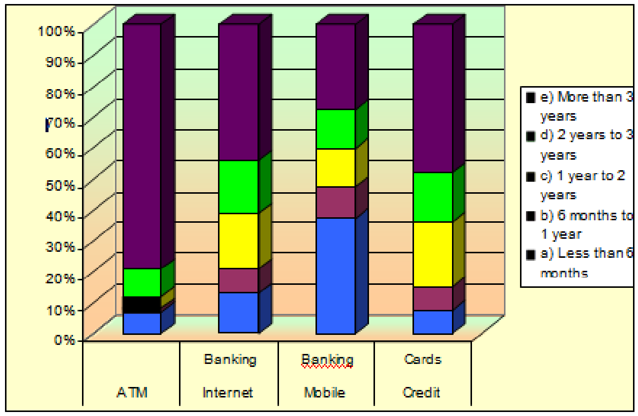

Fig. 1: Period of Use

2. Complaints Regarding Services

To find out the frequency with which customers are having complaints against their banks with regard to these services, five parameters of complaints are considered which are very often, often, sometimes, rarely and never. Table 2 and figure 2 reveals that there are maximum 27 per cent respondents who never had problems with ATMs. In case of credit cards, this per cent is lowest, i.e. 21 per cent. The table also shows the positions of Internet and Mobile banking in this context where this percentage is 25 per cent in each case.

Table 3: Grievance Settlement System

Grievancesettlement	ATMs	Internet Banking	Mobile Banking	Credit Cards
a) Highlysatisfactory	72(22)	66(24)	36(17)	48(15)
b) Satisfactory	234(71)	186(67)	113(52)	156(49)
c) Indifferent	18(05)	18(07)	30(14)	42(14)
d) Unsatisfactory	06(02)	06(02)	36(17)	42(13)
e) Highlyunsatisfactory	00(00)	00(00)	00(00)	30(09)
Total	330 (100)	276 (100)	215 (100)	318 (100)

Source: Survey

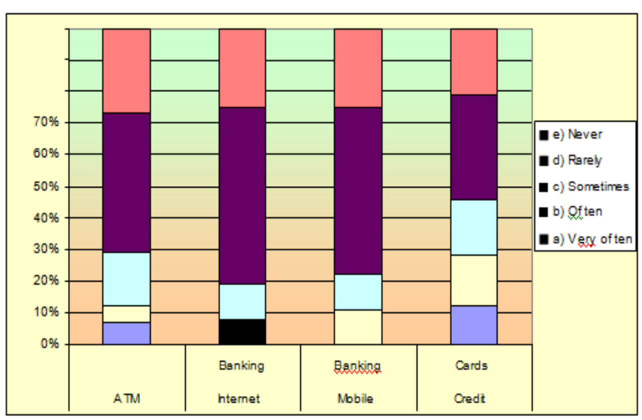

Fig. 2: Complaints Regarding Services

3. Grievance Settlement System

The information has been collected from the respondents about the grievance settlement system for these services in banks to know whether this system is satisfactory or not. The table 3 and figure 3 shows that out of the total respondents having problems, maximum number of respondents, i.e. 22 and 71 per cent are highly satisfied and satisfied respectively with the grievance settlement system of ATMs, whereas this percentage is 24 and 67 per cent in case of Internet banking, 17 and 52 per cent in case of Mobile banking and 15 and 49 per cent in case of Credit cards.

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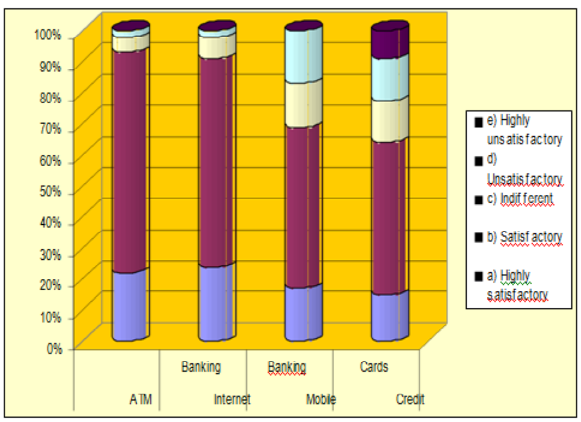


Fig. 3: Grievance Settlement System

4. Reliability of Services

Reliability of e-banking services is another dimension, which constitute the present scenario of e-banking and is analyzed on the basis of three parameters i.e. very reliable, reliable and unreliable. Table 4 and figure 4 depicts that out of the four services ATM is the very reliable with maximum number of respondents, i.e. 52 per cent and Credit cards is at the minimum with 16 per cent. The table also shows that reliability is highest in credit cards and lowest in ATMs with 60 per cent and 48 per cent respondents respectively. This percentage is 57 per cent and 53 per cent in case of Internet and Mobile banking respectively. Whereas the unreliability is maximum i.e. 29 per cent in case of Mobile banking followed by Credit cards having 24 per cent respondents.

Table 4: Reliability of Services
No. of Respondents (percentage)

Reliability	ATMs	Internet Banking	Mobile Banking	Credit Cards
a) Very reliable	234(52)	96(26)	43(18)	66(16)
b) Reliable	216(48)	210(57)	128(53)	240(60)
c) Unreliable	00(00)	60(17)	69(29)	96(24)
Total	450(100)	366(100)	240(100)	402(100)

Source: Survey

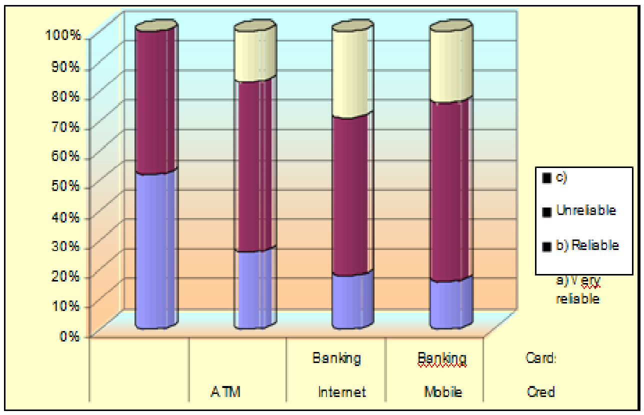


Fig. 4: Reliability of Services

5. Level of Satisfaction

Level of satisfaction after using a particular service has also been examined to find out the clearer picture regarding their status on the basis of five parameters i.e. highly satisfied, satisfied, indifferent, dissatisfied and highly dissatisfied. Table 5 and figure 5 present that satisfaction level, which is highest in case of ATMs as all the respondents are highly satisfied/ satisfied, followed by Internet banking, Credit cards and Mobile banking. The table also reveals that dissatisfied level is highest in case of Credit cards and lowest in Internet banking. On the other hand, indifferent level is highest, i.e. 40 per cent in case of Mobile banking.

Table 5: Satisfaction after Use of Services
No. of Respondents (percentage)

Satisfaction Level	ATM	Internet Banking	Mobile Banking	Credit Cards
a) Verysatisfied	180 (40)	78 (21)	16 (07)	84 (21)
b) Satisfied	270 (60)	246 (67)	117 (49)	228 (57)
c) Indifferent	00 (00)	36 (10)	96 (40)	30 (08)
d) Dissatisfied	00 (00)	06 (02)	11 (04)	30 (07)
e) Veryunsatisfied	00 (00)	00 (00)	00 (00)	30 (07)
Total	450 (100)	366 (100)	240 (100)	402 (100)

Source: Survey

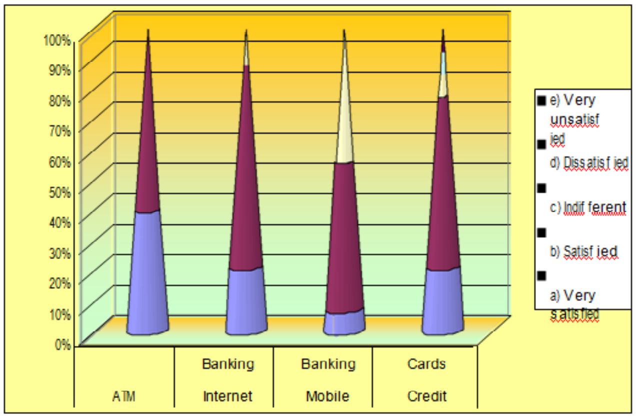


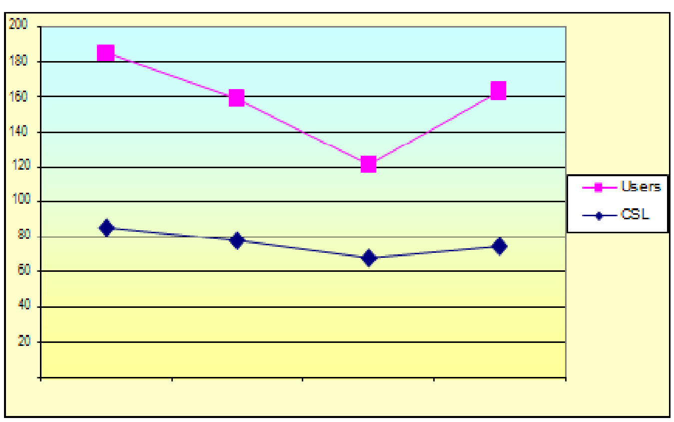
Fig. 5: Satisfaction After Use of Services

6. Status of E-Banking Services

The present status of e-banking products is analyzed in all the banks with the help of total customer satisfaction level (CSL) and total number of respondents using these products. Total CSL includes the total weighted value of all the variables discussed above. Table 6 and figure 6 elucidate the present status of e-banking products. It is clear that ATM is having maximum 85 per cent CSL and respondents using it are also maximum 100 per cent. Position of mobile banking is worst with minimum 68 per cent and 53 per cent CSL and users respectively. Internet banking is at second place with second highest CSL (78 per cent) and it is at third place with 81 per cent usage rate. Credit card is at third place in terms of CSL (74 per cent) but its usage rate is second highest.

Table 6: Status of E-banking Services

Name of Service	Total CSL	Total No. of Users
ATMs	7650 (85)	450 (100)
Internet Banking	5694(78)	366(81)
Mobile Banking	3252(68)	240(53)
Credit Cards	5964 (74)	402 (90)



Further to study the level of customer satisfaction, the respondents are divided into three categories i.e. below average, average and above average levels, which have been defined as Low, Medium and High level of CSL respectively.

6.1 CSL of ATMs

Table 6.1 and figure 6.1 projects that 84 per cent of the total respondents are in medium CSL. On the other hand, only 4 per cent fall in high CSL and 12 per cent
in low CSL.

Table 6.1: CSL of ATMs

CSL	Frequency	Percentage
Low (Below 15)	54	12
Medium (15-19)	378	84
High (Above 19)	18	04
Total	450	100

Mean Value = 17.00, Std. Dev. = 1.97
Source: Survey.

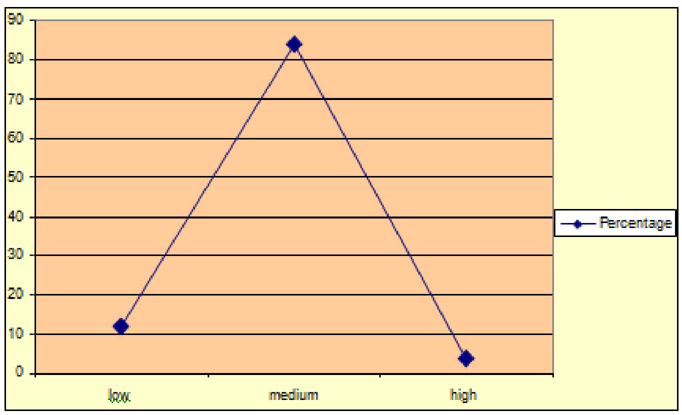


Fig. 6.1: CSL of ATMs

6.2 CSL of Internet Banking

Table 6.2 and figure 6.2 envisages that 82 per cent respondents have medium CSL for Internet banking, whereas 11 per cent and 7 per cent fall in low and high CSL respectively.

Table 6.2: CSL of Internet Banking

CSL	Frequency	Percentage
Low (Below 13)	42	11
Medium (13-18)	300	82
High (Above 18)	24	07
Total	366	100

Mean Value = 15.56, Std. Dev. = 2.30
Source: Survey.

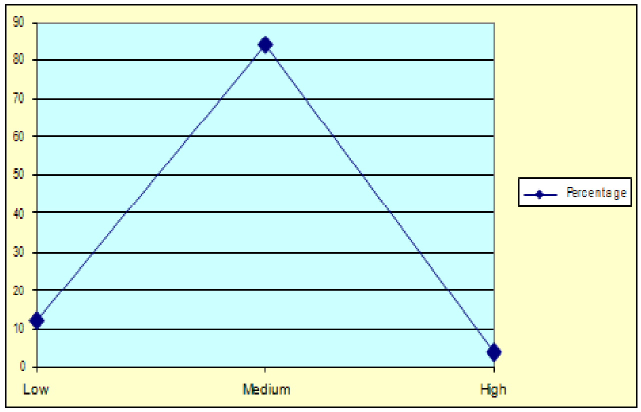


Fig. 6.2 - CSL of Internet Banking

6.3 CSL of Mobile Banking

Table 6.3 and figure 6.3 reveals that 75 per cent respondents of mobile banking have medium CSL and 15 per cent respondents fall in low CSL, whereas only 10 per cent respondents are in high CSL.

Table 6.3: CSL of Mobile Banking

CSL	Frequency	Percentage
Low (Below 11)	36	15
Medium (11-16)	180	75
High (Above 16)	24	10
Total	240	100

Mean Value = 13.55, Std. Dev. = 2.58

Source: Survey.

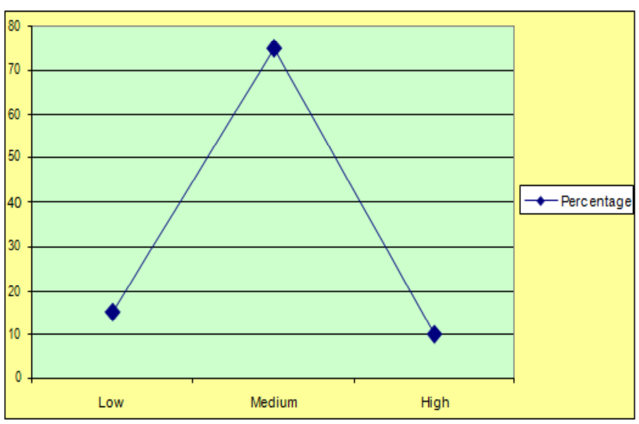


Fig. 6.3 - CSL of Mobile Banking

6.4 CSL of Credit Cards

Table 6.4 and figure 6.4 shows that 76 per cent out of total respondents have medium CSL and 15 per cent have low CSL, whereas only 9 per cent respondents fall in high CSL.

Table 6.4: CSL of Credit Cards

CSL	Frequency	Percentage
Low (Below 12)	60	15
Medium (12-18)	306	76
High (Above 18)	36	09
Total	402	100

Mean Value = 14.84, Std. Dev. = 3.00
Source: Survey.

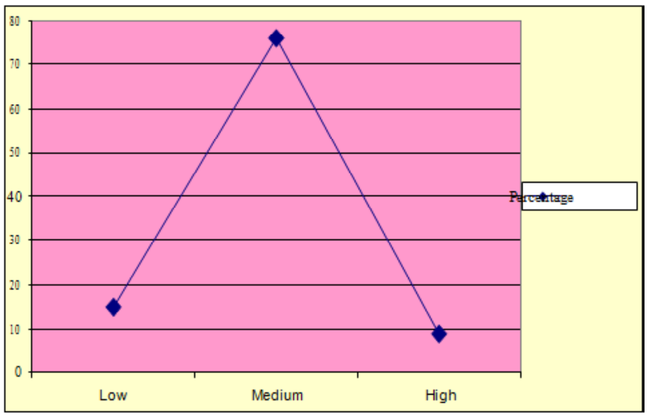


Fig. 6.4: CSL of Credit Card

6.5 Combined CSL of E-banking Services

Table 6.5 and figure 6.5 depicts that medium CSL is maximum in case of ATMs with 84 per cent respondents and minimum in case of Mobile banking with 75 per cent respondents. Internet banking and Credit cards are at second and third position with 82 per cent and 75 per cent respondents respectively. The table also shows that maximum 15 per cent respondents have low CSL in Mobile banking and Credit cards. High CSL is highest in Mobile banking and lowest in ATMs with 10 per cent and 4 per cent respondents respectively.

Table 6.5: Combined CSL of E-banking Services

Products	Low	Medium	High	Total
ATM	54(12)	378(84)	18(04)	450(100)
InternetBanking	42(11)	300(82)	24(07)	366(100)
MobileBanking	36(15)	180(75)	24(10)	240(100)
CreditCards	60(15)	306(76)	36(09)	402(100)

F = 634.82(F.05, 2, 9 = 4.26)
Chi-Square = 8.000* (Significant at 5 per cent level)
Source: Survey.

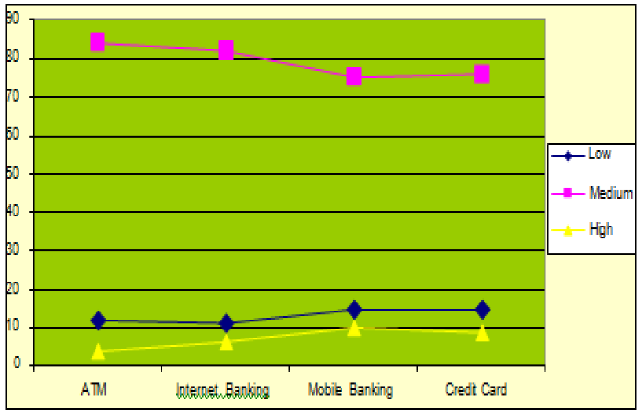


Fig. 6.5: Combined CSL of E-banking Services

As depicted by the above table, the calculated value of F is greater than the tabulated value, therefore the null hypothesis, i.e. there is no significant difference in the present e-banking scenario of ATM, Internet banking, Mobile banking and Credit cards in India, cannot be accepted. This view point is also supported by the value of chi square, which is also significant at 5 per cent level of significance. The analysis also shows that among all the e-banking products, CSL of ATM is highest and the number of users of ATM is also highest as compared to other services. Internet banking and credit cards are at second and third position as far as CSL is concerned but the number of users is more in case of credit cards as compared to Internet banking as depicted by Table-6. Mobile banking is at the lowest position in terms of CSL and also in number of users. Therefore, the null hypothesis i.e. there is no significant difference in the impact of ATM, Internet banking, Mobile banking and Credit cards on customer satisfaction in UBIs, PSIBs and PSFBs in India cannot be accepted.

Conclusions and Policy Implications

To sum up, there is a significant difference in the present e-banking scenario of ATMs, Internet banking, Mobile banking and Credit cards in India. Also, there is a significant difference in the impact of ATMs, Internet banking, Mobile banking and Credit cards on customers' satisfaction in UBIs, PSIBs and PSFBs in India. No doubt, the opportunities in e-banking are immense but the only need is to explore them. The nature of banking services may still be the same but the way they are being offered has been changed dramatically. Banks must realize the seriousness of challenges ahead and develop a strategy that will enable them to leverage the opportunities presented by e-banking. E-banks need to shift now from product centric to customer centric i.e. to design services according to the needs, dreams and expectations of the customers. Opportunities and challenges offered by e-banking can only be met fruitfully if the banks assemble different services including banking, broking, insurance, channel delivery, sales culture, back office processes and knowledge management under one corporate name. Most of the market especially in rural areas is still untapped in India. There is a lot of scope for banking institutions to expand their e-banking services to have a more sophisticated customer base especially in rural areas. ICT infrastructure facilities are also not well developed and the banks are unable to extend the e- banking services, therefore, good infrastructure need to be developed.

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Impact of FDI on Growth and Development of Indian Automobile Sector Since 2005

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Abstract

Foreign Direct Investment as a strategic element of funding is required throughout India for achieving the financial reforms and continues the pace of development and progress of the economy. The pace of FDI inflows in India at the start have been low as a result of regulatory strategy framework and schemes but there is a strong upward push in investment flows since 2005 as the new policies have broadened. In this paper, we discover how FDI is noticeable as an important economic catalyst of Indian monetary progress by stimulating domestic investment, growing human capital formation and by means of facilitating the technology transfers. The essential purpose of this paper is to investigate the effect of FDI on fiscal growth in India with regard to the influence of Foreign Direct Investment in Indian stock market.

Keywords: *Foreign Direct Investment, financial, economy, India.*

Introduction

Large number of countries has witnessed acceleration in their economic growth. After analyzing the reasons for this itwas found that FDI plays a vital role in the economic development of both developing as well as developed nations.Various countries are integrated in the present global competitive environment through FDI. In addition to theeconomic development and generating an employment in a country FDI also helps in providing most modernizedtechnology available in the market. An opportunity or favorable conditions were made by the government of Indian in1991 when it opens the doors for the inflow of the foreign capital in India through foreign direct investment. This inputwas badly needed for India as India turns out to be one of the most attractive destinations of capital investment. Foreigndirect investment refers to the investment made by a company based in one country, in to a company based in anothercountry, companies make their investments in the fixed assets by establishing plant and machinery and have a significant degree of influence and control overthe company in to which the investment is made. Foreign Direct Investment (FDI) is fund flow between the countriesin the form of inflow or outflow by which one can able to gain some benefit from their investment whereas another canexploit the opportunity to enhance the productivity and find out better position through performance. The FDI may alsoaffect due to the government trade barriers and policies for the foreign investments and leads to less or more effectivetowards contribution in economy as well as GDP of the economy. The growth of FDI gives opportunities to Indianindustry for technological up gradation, gaining access to global managerial skills and practices, optimizing utilizationof human resources and competing internationally with higher efficiency.

Now there is positive relationship between economic growth and stock market development and a large number ofempirical studies on the role of FDI in host countries suggest that FDI is an important source of capital, complementsdomestic private investment, is usually associated with new job opportunities and enhancement of technology transfer,and boosts overall economic growth in host countries. We therefore observe triangular causal relationship:

1. FDIstimulates economic growth
2. Economic growth promotes stock market development; and
3. Implication that FDIpromotes stock market development.

Automobile Sector and Foreign Direct Investment in India

The automobile industry is one of India's major sectors, accounting for 22% of the country's manufacturing GDP. The Indian auto industry, comprising passenger cars, two-wheelers, three-wheelers and commercial vehicles, is the seventh-largest in the world with an annual production of 17.5 million vehicles, of which 2.3 million are exported. Two-wheelers dominate the Indian market; more than 75% of the vehicles sold are two wheelers.According to Ministry of Heavy Industry and Public Enterprises, the total turnover of the Indian automobile industry was estimated at USD 73 billion and exports were estimated to be USD 21 billion in the year 2014–15. The announced cumulative investments in this sector were USD 30 billion during this period. The main automobile hubs in India are based at Chennai, Gurgaon, Manesar, Pune, Ahmedabad, Halol, Aurangabad, Kolkata, Noida and Bangalore. Chennai is the biggest hub accounting for 60% of Indian auto exports. The auto components industry, although largely concentrated near automobile hubs, is fairly widespread in other parts of the country too.According to the Department of Industrial Policy and Promotion (DIPP), the auto sector accounts for 5% of total foreign direct investment (FDI) inflow into India. As per the DIPP's FDI figures for May 2015,

Inflow of FDI in Major Industry of India with Regard to Automobile Sector

Now we will discuss about the major sectors where the FDI comes in our country with sector specific. The following table depicts about the analysis part of FDI inflow in automobile sector with other important factors of industry:

S. No	Sector	Amount of FDI Inflows		%age of
		In Crore (INR)	In US $ million	Total Inflows
1	Services Sector	201,728.28	42,101.98	17.32
2	Construction Development: Townships, Housing, Built, Up Infrastructure and Construction Development Projects	112,916.36	24,028.19	9.88
3	Telecommunications	83,697.07	16,994.68	6.99
4	Computer Software & Hardware	67,693.78	14,125.19	5.81
5	Drug and Pharmaceuticals	63629.47	12,856.02	5.29
6	Automobile Industry	60,725.08	11,857.11	4.88
7	Chemicals (Other Than Fertilizers)	48,641.77	10,229.69	4.21
8	Power	46,358.87	9,512.02	3.91
9	Metallurgical Industries	40,737.61	8,480.90	3.49
10	Hotel and Tourism	40,198.41	7,774.03	3.20
11	Trading	41,315.28	7,660.73	3.15
12	Petroleum & Natural Gas	31,650.29	6,519.53	2.68

Review of Literature

The review of literature on impact of FDI is given below:

Chopra (1) has analyzed the impact of economic reforms on FDI in India. He carried out his research from 1980-2000.The result showed that GDP is a very important factor which motivated the FDI in the country. John

Andreas (2)studied the impact of FDI inflow on host country economic growth. The paper says that FDI should have a positiveimpact on economic growth as a result of technology spillovers and capital inflows. He took almost 90 countries andfind out that FDI inflow enhances the economic growth in developing economies but not in developed economies.

Jayachandran and Sielan (3) find out the relationship between trade, FDI and economic growth of India over the period1970-2007. The tests showed that there is a casual relationship between the examined variables. The direction of casualrelationship is from FDI to growth rate and there is no causality relationship from growth rated to FDI.

Objectives of the Study

- To study the trends and patterns of foreign capital flow in Automobile sector of India throughFDI
- To study the impact of foreign capital in the form of Foreign Direct Investment on growth of industry.

Research Methodology

This study is based on secondary data. The required data related to FDI and FII have been collected from varioussources i.e. Bulletins of Reserve Bank of India, publications from Ministry of Commerce, Govt. of India. The present studyconsiders 10 years data starting from 2005 to 2015. In order to analyze the collected data the statistical tools such asregression has been used.

Data Collection Methodology

Secondary data from different web sites & reports of RBI, CEDAR, USIBC report on FDI, reports of Asian development bank.

Sources of Data Collection

The study is based on published sources of data collected from various sources. The data was extracted from the following sources:

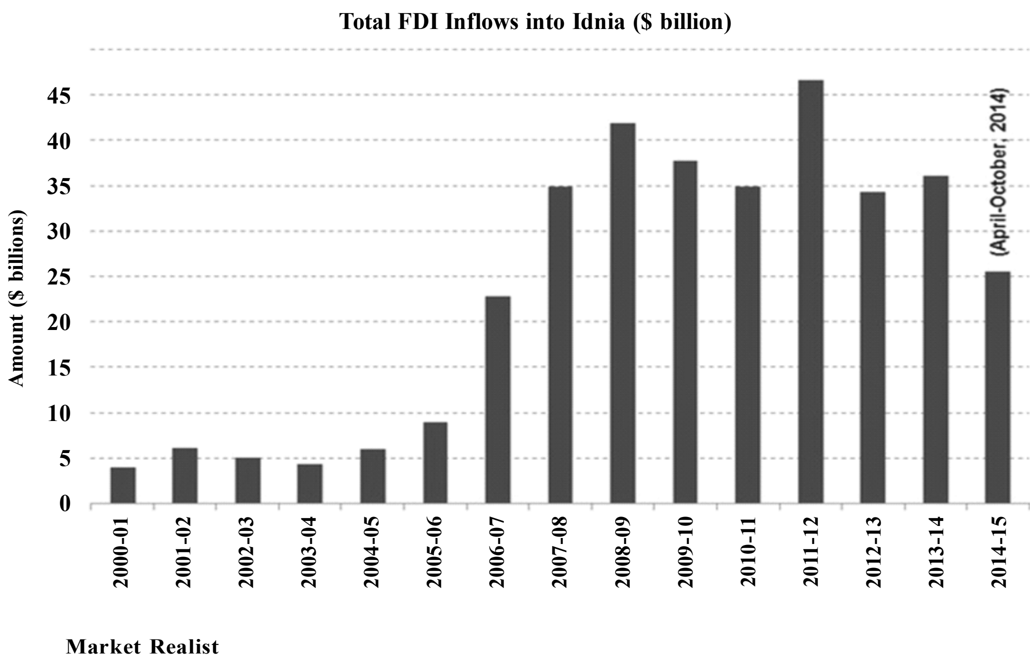
- Handbook of Statistics on the Indian economy, RBI.
- Economic Survey, Government of India.
- Department of Industrial Policy and Promotion (DIPP).
- Secretariat of Industrial Assistance (SIA).
- Central Statistical Organization (CSO).

This research work is a descriptive study in nature. The secondary data was collected from various journals, magazines, and websites particularly from the Department of Industrial Policy & Promotion, Ministry of Commerce and Industry, India stat etc. Simple percentages have been used to defect the growth rate of India. Graphs and tables have also been used where ever required to depict statistical data of FDI during the study period. The time period of the study has been taken from the April 2005 to March, 2015.

Growth of FDI in Automobile Industry

Post-liberalization, the Government of India's new automobile policy announced in June 1993 contained measures, such as delicensing (passenger car), automatic approval for foreign holding of 51% in Indian companies, abolition of phased manufacturing programme (PMP), reduction of excise duty to 40% and reducing import duties of CKD to 50% and of CBU to 110%, and commitment to indigenization schedules. The last two decades of the 20th Century witnessed a dramatic world-wide increase in Foreign Direct Investment (FDI) This was accompanied by distinct changes in the attitude of mostdeveloping countries towards inward FDI. The Indian automobile Industry evolution (influencing Foreign Direct Investment – FDI inflows) can be explained by the following three major phases; in which there are various policy changes influencing in the growth of this industry. The first phase is during early 80's to 1995 – establishment of MarutiUdyog and having MOU and Investment with Suzuki(Japan), entry of Japanese two wheelers (namely, Honda, Yamaha and Suzuki), de-licensing in 1993, decreasing customs and excise duties and Maruti brand established as market leader. The second phase is from 1995 to 2002 and one of the prime reasons for growth of this automobile industry in India – Market opening for international players, increased competitions, translating from sellers to buyersmarket (a beginning), market segmentation, focusing on environmental concerns (pollution controls), developments in technology and improvements in service networks. The third phase (2002 onwards) is another step in historic developments... unique by itself because of implementation of AUTO Policy 2002 which has revolutionized the growth of Indian Automobile Industry.

Total FDI in All Sector During last 15 Years



Source: Department of Industrial Policy and Promotion, Government of India.

Growth of FDI and Automobile Industry in India

The automotive industry in India is one of the largest automotive markets in the world. It was previously one of the fastest growing markets globally, but it is currently experiencing flat or negative growth rates.In 2009, India emerged as Asia's fourth largest exporter of passenger cars, behind Japan, South Korea, and Thailand, overtaking Thailand to become third in 2010. As of 2010, India was home to 40 million passenger vehicles. More than 3.7 million automotive vehicles were produced in India in 2010 (an increase of 33.9%), making India the second fastest growing automobile market in the world (after China). India's passenger car and commercial vehicle manufacturing industry recently overtook Brazil to become sixth largest in the world, with an annual production of more than 3.9 million units in 2011.From 2011 to 2014, the industry grew 18-22%, selling around three million units.According to the Society of Indian Automobile Manufacturers, annual vehicle sales are projected to increase to 4 million by 2015, not 5 million as previously projected.

The Indian auto industry is one of the largest in the world with an annual production of 32.48 million vehicles in FY 2014-15. The automobile industry accounts for 21.5 per cent of the country's manufacturing gross domestic product (GDP). An expanding middle class, a young population, and an increasing interest of the companies in exploring the rural markets have made the two wheelers segment (with 80 per cent market share) the leader of the Indian automobile market. The overall passenger vehicle segment has 14 per cent market share. India is also a substantial auto exporter, with solid export growth expectations for the near future. Various initiatives by the Government of India and the major automobile players in the Indian market is expected to make India a leader in the Two Wheeler and Four Wheeler market in the world by 2020.

Market Size of Automobile Industry in India

Sales of commercial vehicles in India grew 5.3 per cent to 52,481 units in January 2015 from a year ago, according to Society of Indian Automobile Manufacturers (SIAM).Sales of cars also grew for a third month in a row to 169,300 units in January 2015, up 3.14 per cent from the year-ago period. Car market leader Maruti Suzuki India witnessed 8.6 per cent higher sales at approximately 118,551 units in February 2015, out of which 107,892 were sold in domestic market and 10,659 units were exported. Hyundai Motor India Ltd (HMIL) reported a 2.4 per cent growth in total sales at 47,612 units in February, compared with 46,505 units in the same month last year. In the two-wheeler segment, Hero MotoCorp witnessed sales of 484,769 units in February 2015. TVS Motor Co posted 15 per cent higher sales at 204,565 units against 177,662 units. Bajaj Auto sold a total of 243,000 two and three-wheelers segment.

Investments in Automobile Sector

To match production with demand, many auto makers have started to invest heavily in various segments in the industry in the last few months. The industry has attracted foreign direct investment (FDI) worth US$ 12,232.06 million during the period April 2000 to February 2015, according to the data released by Department of Industrial Policy and Promotion (DIPP).

Some of the major investments and developments in the automobile sector in India are as follows:

- DSK Hyosung has announced to set up a plant in Maharashtra and is planning to add 10-15 dealerships in the next financial year (FY 15-16) mostly in the tier-II cities and introduce more models in the 250cc segment.
- Germany-based luxury car maker BayerischeMotorenWerke AG's (BMW) local unit has announced to procure components from seven India-based auto parts makers.
- Mahindra Two Wheelers Limited (MTWL) has acquired 51 per cent shares in France-based Peugeot Motocycles (PMTC).
- Suzuki Motor Corp is planning to sell the automobiles made in the Gujarat plant, in Africa.
- Tata Motors Ltd, India's largest automobile maker, will sell trucks in Malaysia, Vietnam and Australia to strengthen its presence in the Asia-Pacific region.

Need for FDI in Automobile Industry

Developing economies like India needs a large inflow of the capital in terms of FDI. This is required for the development of the basic infrastructure like roads, railways, warehouses, banking and insurance services etc. Many countries in the world may not be having appropriate infrastructure due to lack of the funds, now better infrastructure facilities can be easily created if a country allows the foreign giant to invest. We can say that foreign capital is a unique remedy for the scarcity of all resources. Moreover FDI may involve new technologies and expertise may not be available in the domestic economy through investment in automobile sector. Another important motivation of FDI is efficiency seeking. Low cost of production, deriving mostly from cheap labour is the driving force of many FDIs in developing countries. It may be kept in mind that FDI would not take place in the absence of required infrastructural facilities to develop the industry. In nutshell we can say that there is significant need of FDI for those countries which are having scarcity of resources, lack of infrastructure facilities, and lack of modernized technology. All these above mentioned resources can be easily raised if a country allows the foreign capital to be invested in their country.

Government Initiative taken to Develop Automobile Sector in India

The Government of India encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route. Excise duty on small cars, scooters, motorcycles and commercial vehicles was reduced in February last year to 8 per cent from 12 per cent to boost the 'Make in India' initiative of the Indian government.

Some of the major initiatives taken by the Government of India are:

- Under the Union budget of 2015-16, the Government has announced to provide credit of Rs 850,000 to farmers, which is expected to boost the tractors segment. The government is aligning to ensure that at least one family member is economically strong to support the family. This is expected to improve the sentiments of entry-level two-wheelers.

- The Government plans to promote eco-friendly cars in the country i.e. CNG based vehicle, hybrid vehicle, electric vehicle and also made mandatory of 5 per cent ethanol blending in petrol.
- The government has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020 to encourage the progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country.
- The Automobile Mission Plan for the period 2006–2016, designed by the government is aimed at accelerating and sustaining growth in this sector. Also, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.

Road Ahead for Development of Automobile Industry

India is probably the most competitive country in the world for the automotive industry. It does not cover 100 per cent of technology or components required to make a car but it is giving a good 97 per cent, highlighted Mr. VicentCobee, Corporate Vice-President, Nissan Motor's Datsun. The vision of AMP 2006-2016 sees India, "to emerge as the destination of choice in the world for design and manufacture of automobiles and auto components with output reaching a level of US$ 145 billion; accounting for more than 10 per cent of the GDP and providing additional employment to 25 million people by 2016. The Japanese auto maker Maruti Suzuki expects the Indian passenger car market to reach four million units by 2020, up from 2.5 million units in 2014-15.

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A Comparative Study of Career Maturity and Locus of Control among Senior Secondary Students in Government and Private Schools

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Abstract

This study compared senior secondary school students' Career Maturity and Locus of Control in Government and Private schools. The descriptive survey research was employed to carry out the study. Seven hundred and ninety two students (792) in which 579 government and 213 private senior secondary school students were randomly selected for the study. Data were analyzed using t-test statistic. The results showed that there was a significant difference between the government and private senior secondary school students' mean scores on dimension wise career maturity that are self-appraisal, occupational information, goal selection, goal planning, and problem solving, respectively and lastly overall career maturity (t = 10.103, 9.464, 9.124, 8.813, 10.539, & 11.814, p< 0.01). There was also found a significant difference between the government and private senior secondary school students' mean score on locus of control (t = 8.042, p<0.01). It was recommended among policy-makers, administrators that more supervisory roles must be played on government schools teachers and parents to work better on senior secondary students' career maturity and locus of control.

Keywords: *Career Maturity, Locus of Control, Senior Secondary Students, Government and Private Schools.*

Introduction

The period of adolescence needs to have individuals being aware of the range of vocations and career available in the society and in their environment, being aware of their personal capacities, capabilities, skills and special endowments that would serve them in the world of work, awareness of the places where their capabilities could best be developed for self enhancement and societal emancipation. Further, the individuals should be able to make reflections on self, others and the environment, familiarity with employment patterns and status and should engage in construction of personal occupational plans based on personal characteristics, educational and trial work experiences. All these are a demonstration of the fact that the individual realizes that work is an important part of living. One of the most crucial decisions a young adolescent must make is the selection of an occupation. A large number of career options are available these days to the students, making it a difficult task for the youngster to make a mature choice.

Career development theory proposed by Super (1955), describes five stages of development including growth (childhood), exploration (adolescence), establishment (young adulthood), maintenance and decline. Super postulated that certain vocational tasks are accomplished during each of the distinct stages according to identifiable and predictable sequences. Crites (1975) defined career maturity as the extent to which the individual has mastered the vocational development task including both knowledge and attitudinal components, appropriate to his or her state of career development. Maturity is assumed to be an underlying psycho-logical construct reflecting this developmental level just as intellectual, moral and social development are assumed to be psychological constructs (Betz, 1988). Career maturity provides a means of measuring the degree of affective and cognitive career development an individual has attained (Rojewski et al., 1995). Career maturity describes one's ability to successfully cope with vocational development tasks (e.g. crystallizing, specifying and implementing career choice) that are encountered across the development continuum from exploration stage through withdrawal.

The construct 'locus of control' was developed by Julian B. Rotter in 1954. Rotter (1966) used the empirical law of effect which states that people are inherently motivated to seek positive stimulation, or reinforcement, and avoid unpleasant stimulation. Rotter used Skinner's (1974) concept of reinforcement which stated that if the outcomes of responses by an individual are favorable or unfavorable, then the likelihood of the operant to use the response in the future is increased or decreased respectively – this is positive and negative reinforcement. The locus of control of a person is conceptualized as either internal or external. Those who believe that their own behaviors determine the positive reinforcement they receive and that they have control over their own lives are internal. Individuals with external locus of control are those who believe that the rewards they receive are the result of fate, luck, character or other external circumstances. Such individuals attribute their problems to environmental factors.

The senior secondary students were those students, who studying in senior secondary schools at standard XII.

Government and Private schools are institutions owned as the names denote. The government schools have central, state, and local governments as their proprietors while the private schools have individuals, associations or organizations as the owners. Private Schools mostly have small class size, set attraction to parents to show safe, neat and welcoming environment, use up-to-date teaching methods but nothing is in government schools. These are the glimpses of government-private disparity in senior secondary schools.

Rationale of the Study

Selection of career and setting in it is an important task and a source of personal gratification. In the modern age of science and technology, hundreds of vocations have been thrown open to an individual. The choice of a right vocation is becoming difficult in these days. Adolescence is the period when a major turning takes place in the life of a student because the career will depend upon the subjects selected at this level. The educational and vocational decisions at this stage pave the way for future decisions to be taken by any individual in the world of work. Any wrong decision of vocational choice due to pressure of the family or from indecisiveness on the part of adolescent can block his/her growth and development in future. Therefore, it was considered relevant to study this aspect namely career maturity among senior secondary students.

On the basis of review of related literature and studies directly or indirectly related to this specific problem, it is evident that no study has been conducted on the career maturity of senior secondary students in relation to their locus of control. The purpose of the researcher is to expand knowledge of the relationship between the locus of control and career maturity of senior secondary students. While undertaking this study following question came to the mind of the researcher “Whether the career maturity and locus of control of senior secondary students differ significantly with respect to their Types of Institutions (Government and Private).”

Objectives of the Study

1) To compare the career maturity of senior secondary students with respect to their Types of Institution (Government and Private)
2) To compare the locus of control of senior secondary students with respect to their Types of Institution (Government and Private)

Research Hypotheses

H_{R1} There is significant difference between the career maturity of Government and Private students of senior secondary

H_{R2} There is significant difference between the locus of control of Government and Private students of senior secondary

Method

The present study was based on the descriptive survey method.

Participants and Procedure

All the senior secondary students, those who were studying at standard XII in government and private senior secondary schools of academic session 2013-14 at Muzaffarpur city in Bihar state constituted the population of the study. In this study, stratified random sampling technique had been used to draw appropriate representative sample from the population. At first, schools were selected randomly from all the government and private senior secondary schools, and after this, from the selected schools, students were also selected randomly. And finally, after rejecting 64 incomplete answer sheets the sample consists of 792 students (370 boys & 422 girls).

Instruments

Career Maturity Inventory (CMI): was developed and standardized by the researcher, based on career choice competencies, this is the cognitive dimension of Crites' model of career maturity, and it consists of five components (Self-appraisal, Occupational information, Goal selection, Goal planning, and Problem-solving) of cognition in the process of career decision-making. It contains 25 competence statements, 5 from each dimension on the basis of five point Likert type scale. Coefficient of reliability of the whole scale as well as of each dimension, was determined by Cronbach's á (alpha) coefficient which are dimension wise 0.71, 0.74, 0.73, 0.78, 0.69 and on total 0.81. In order to determine its content validity, the experts in the field of Education and Psychology were consulted.

Indian adopted Rotter's 'Locus of Control Scale: It is Hindi version of Rotter's Locus of Control Scale adopted by Dr. Anand Kumar and Dr. S. N. Srivastava in 1985. This is a forced-choice instrument which consists of 29 pairs of statements, 23 of which are scored and 6 items are filler. This scale is highly reliable both by split half (0.88) and test-retest (0.85) methods.

Statistical Analysis

For inferential statistics t-test was applied to analyze the data by Statistical Package for Social Sciences (SPSS) version 16 in the present study. All the hypotheses were tested at 0.01 level of significance.

Findings of the Study

Finding 1. (with reference to objective 1, & H_{o1})

Table 1: Mean, S.D and 't' Value of Senior Secondary Students on Dimensions wise Career Maturity with Respect to their Types of Institution (Government & Private)

Dimensions of Career Maturity	Types of Institution	N	Mean	Std. Deviation	't' value	Significance
SA	Government	579	9.9741	3.02830	10.103	S
	Private	213	12.4272	3.03449		
OI	Government	579	9.8256	3.04334	9.464	S
	Private	213	12.2019	3.36626		
GS	Government	579	8.9741	2.85903	9.124	S
	Private	213	11.1690	3.36037		
GP	Government	579	9.7116	3.22105	8.813	S
	Private	213	12.0610	3.59914		
PS	Government	579	9.9706	3.55542	10.539	S
	Private	213	12.8873	3.15877		
Overall CM	Government	579	48.4491	12.84303	11.814	S
	Private	213	60.7465	13.37914		

Degree of Freedom = 790, Tested at 0.01 level of significance, Table value of t-test = 2.58

Interpretation

Table 1 reveals that 't' value (10.103, 9.464, 9.124, 8.813, 10.539, & 11.814) for difference between the mean scores of government and private students of senior secondary on dimension wise career maturity that are self-appraisal, occupational information, goal selection, goal planning, and problem solving, respectively and lastly overall career maturity was significant at 0.01 level of significance. It shows that there was significant difference between the mean scores of government and private Students of senior secondary on all the five dimensions and overall career maturity. When results were compared in the context of the mean scores, it was found that mean scores of government students of senior secondary (Mean=9.9741, 9.8256, 8.9741, 9.7116, 9.9706, & 48.4491) were lower than mean scores of private students of senior secondary (Mean = 12.4272, 12.2019, 11.1690, 12.0610, 12.8873, & 60.7465) on all the five dimensions and overall career maturity. Hence, the null hypothesis (H_{o1}) that there is no significant difference between the career maturity of Government and Private Students of senior secondary was rejected. It means that the private students of senior secondary were more career mature than government students of senior secondary in all the five dimensions of career maturity.

Finding 2. (with reference to objective 2, & H_{o2})

Table 2: Mean, S.D and 't' value of Senior Secondary Students' Locus of Control with Respect to their Types of Institution (Government & Private)

Types of Institution	N	Mean	Std. Deviation	't' value	Significance
Government	579	10.7409	3.90969	8.042	S
Private	213	8.2864	3.51783		

Degree of Freedom = 790, Tested at 0.01 level of significance, Table value of t-test = 2.58 Lower and higher mean scores indicate internal and external locus of control respectively here as directed in the Manual.

Interpretation

Table 2 reveals that 't' value (8.042) for difference between the mean scores of the locus of control of government and private students of senior secondary was significant at 0.01 level of significance. It shows that there was significant difference between the mean scores of the locus of control of government and private students of senior secondary. When results were compared in the context of the mean scores, it was found that mean score of senior secondary government students' locus of control (Mean=10.7409) was higher than mean score of senior secondary private students' locus of control (Mean = 8.2864). It shows that the more number of private students of senior secondary schools were having internal locus of control than that of government students of senior secondary schools. The mean score of private students was less than combined mean score (10.995) and tends to internal locus of control and the mean score of government students was also less than combined mean score but it tends to external locus of control in expect of private students of senior secondary. Therefore, the null hypothesis (H_{o2}) that there is no significant difference between the locus of control of Government and Private students of senior secondary was rejected. It means that the private students of senior secondary were having more internal locus of control than that of government students of senior secondary.

Discussion

This study has been able to establish and delineates the fact that private students of senior secondary were more career mature than government students of senior secondary. It's indicating that the students from private schools have more positive attitude toward work behavior and are better acquainted with career opportunities and choices. In previous research Cosby and Picou (1973), Neely and Johnson (1981) and Folagogun and Bamidele (2008) found that difference in the schools attended played a greater role in career maturity among the adolescents. Natalie (2006) observed that the students studying in government schools had less career maturity than the students studying in private schools. Dhillon, U. and Kaur, R. (2005), supporting that students from private schools differ significantly from the students of the government schools, in career attitude, competence and maturity, achievement motivation and self-concept. Bhat, B. A. (2014), revealed that the academic achievement of private senior secondary school students in total as well as stream wise is better than the government senior secondary school. In case of locus of control this result shows that the more number of private students of senior secondary schools were having internal locus of control than that of government students of senior secondary schools. It has been found to be supported by the findings of Dhillon and kaur (2005), who found that a significant difference was found between government and private high school students with respect to their locus of control. It means most of private high school students are having internal locus of control, which reveals that their own behaviors determine the positive reinforcement that they receive and they have control over their own lives. But in the case of government high school students most of them belong to external locus of control, this indicates that career maturity in this group is influenced by chance, peers and other environmental factors. Thus their attitude towards work is influenced by external factors.

This is the commonly found problems with government schools during these days and people prefer to send their wards to private schools instead of heavy expenditures. The government is taking steps in order to have good results of the institutes that are maintained by them, but instead of such measures no difference is being observed on the ground level. The cause behind this disparity might be the attitude of government teachers who are teaching in government schools. They may be thinking that no one can expel them if the results are not good. On the other hand the teachers in private schools may be thinking that if their results are not good they will be expelled out or they may be thinking that their schools may not work or may not exist if their results are not good. The other reason might be that the maximum posts are vacant in government schools where Para-teachers are being engaged on academic arrangement, getting low salary as compared to their counter parts. The guardians of the government school students may be of less conscious and serious about the education of their wards, which may be the cause of career immaturity and externally control behaviors of the students, who are studying in government schools. There may be various reasons besides the above reasons.

Recommendation

Based on the findings and conclusions of the study i.e. the private students of senior secondary were more career mature than government students of senior secondary, and in case of locus of control this result showed that the more number of private students were having internal locus of control than that of government students of senior secondary schools., these results have important implications for policy-makers, education bodies, governments, educators, and parents; that they should support the running of both private and especially government schools. More supervision should be done on the government schools to make teachers work better to increase the career maturity and internal locus of control of those students who are low career mature and having external locus of control, especially for government students of senior secondary who is backward than their counterpart. Retraining or refresher course of the teachers and all education stake-holders should be done in both types of school to enhance the students' sense of career maturity, and internal locus of control. Counselors should understand the impact of background and social characteristics have on the locus of Control behaviors of the students. It is important that counselors gain more awareness of the interplay of these variables the way students see themselves in relation to their environments. Instructors should allow students flexibility while still providing structure to promote critical thinking and self-exploration, and it will impact on students' academic needs, critical thinking skills, and intrapersonal attitudes/beliefs that promotes success in life functioning. We must consider about the educational environment of the students, attitudinal barriers contribute to students' difficulty and inefficiency, so they should be assisted, discussion about the needs and methods that can eliminate societal and economic barriers in academic and vocational arenas. So, efficacy-enhancing interventions may be useful in this process, and then everyone may increase their sensitivity and awareness of their future life. Locus of control was found as significant factor which positively affect career maturity. Internally controlled students were found to be significantly high mature than externally controlled students on career maturity. Dependency nature, low self-concept and lack of decision-making ability of externally controlled students are generally responsible for poor professional skills and so as poor career maturity. Personality development programs, vocational training sessions, special guidance and counseling, self-learning and self doing method and provision for independent life may able to develop their career maturity. If above discussed drawbacks can be removed and necessary action can be taken, this type of disparity can be reduced very easily.

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CASE STUDY

Impact of Reward and Recognition on Employee Engagement: A Case Study of Taj Group of Hotels, New Delhi

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Abstract

Today, the business environment is becoming very complex because of competition and technological advancement. It is very difficult for the organization to survive in the market without having better quality of the product and services basically in hospitality industry. The quality of the services largely depends upon the employees working in organization. Therefore it is necessary for the organization to have workforce who can deliver better services to the customers. The primary objective of this paper is to study the employee engagement in Taj Group of Hotels and to test empirically the impact of reward and recognition on employee engagement at Taj Group of Hotels, New Delhi. 219 employees/respondents from Taj Group of Hotels were included in the study. Reliability of data was measured through Cronbach alpha and factor analysis was also run. Simple linear regression was applied to test the hypothesis which reported positive and significant impact of reward and recognition on employee engagement at Taj Group of Hotels under study. After empirically testing, some suggestions were given by researchers to improve employee engagement at Taj Group of Hotels, New Delhi and generally for hotel industry in India.

Keywords: *Customer Satisfaction, Employee engagement, Hospitality Industry, Reward and Recognition, Taj Group of Hotels.*

Introduction

Employee engagement is relatively a new term which has stimulated much debate among HR consulting practitioners in the corporate world (Bhatla, 2011). The term employee engagement was firstly used by the Gallup consulting firm, later it has been used by the academia. Kahn (1990) was the first academic researcher to use the term employee engagement and defines that employee engagement is the level of dedication and involvement of the employees towards their organization. The globalization and swiftness of changes accentuate the importance of human resources within the organizations (Hamid & Muzaffar, 2015). Each and every organization across the globe wants to make the best utilization of its human resources in order to achieve the competitive advantage in the market (Heaney, 2010). In the view of Saks (2006) employee engagement is the extent to which an employee is attentive during his/her job. Robinson, Perryman, and Hayday (2004) define engagement as “a positive attitude held by the employee towards the organization and its values”. Vazirani (2007) elucidates that employee engagement is a barometer which determines the connectivity of the employees with their organization. Kular, Gatenby, Rees, Soane, and Truss (2008) says that an engaged employee is almost three times more sincere toward their job in comparison to those employees who are actively disengaged. Therefore the organization should focus the aspect of employee engagement in order to improve organizational performance (Basbous, 2011; Sundaray, 2011). Today employee engagement is considered as an effective HR policy in the corporate world. Rashid, Asad, and Ashraf (2011) have reported that employee engagement is a technique which can be used by the organization to handle uncertainty of the business environment. Many organizations and consulting firms consider employee engagement as similar to other important work-related constructs like job satisfaction, job involvement, organizational commitment and organizational citizenship behaviour (Kumar & Swetha, 2011).

Ncube and Jerie, (2012) elucidate that employee engagement plays an effective role in improving organizational performance. Therefore the HR managers should develop satisfaction among the employees so as to make engage the employees towards their work. By making the employees involved in the organizational work, the HR managers will have to motivate them to contribute in goals and objectives of the organization (Saradha and Patrick, 2011). Engaged employees care deeply about the organization and want to contribute to its success (Swarnalatha & Sureshkrishna, 2013). In the present business environment, organizations across the globe are increasing level of engagement of their employees so as to improve productivity, profitability, turnover and safety of the organization (Mani, 2011). Anand (2011) has reported that employee engagement plays a crucial role in the hotel because it affects everything from retention and productivity to profitability and safety. He further describes that engaged employees provides quality services, they are more customer-focused and having less intention to leave the organization.

Taj Group: An Introduction

Taj Group is of the Asia's largest and oldest hotels chain having 128 hotels in India and 16 international hotels abroad. It is one of the most preferred brand employers in hotel industry of India. Taj Group has made its entry in Indian hospitality industry in 1903 when the first Taj Hotel, called Taj Mahal Palace and Tower was opened in Mumbai (www.tajhotels.com). Employees of Taj Group of Hotels are highly engaged as compare to other hotel chains in India. Each and every employee of Taj Hotel is considered as member of Taj family and employees are emotionally attached with the organization. The working environment in Taj Group is quite favourable which helps the employees to perform their job most effectively and efficiently.

Employee Engagement in Taj Group of Hotels

Employee engagement is necessary for the smooth functioning of the organization basically in service industry because without employee engagement better services cannot be delivered to the customers. If the employees working in hotel industry are engaged towards their job, they will provide better hospitality to the guests. Taj Group is one of the oldest hotel chain in India having 128 hotels at different locations in India as well as 16 international hotels abroad. The Taj Group provides grand hotel stay and world class facilities to the customers (www.tajhotels.com). The employees of Taj Group are highly satisfied and engaged in comparison to other hotels chain in India. The HR policies of Taj Group are strong enough to attract the talented employees to connect with Taj Group. Such strong HR policies one cannot find in any other organization. According to Koshal (2012) Taj Group has strong recruitment policies, effective training programmes, emphasis on practical aspect than theoretical and suitable working environment. These HR policies make the employees engaged towards the job and reduce the problem of turnover intention. Due to effective HR policies and procedures, the Taj Group of Hotels is having most productive and engaged workforce in the world.

Statement of Problems

Interest in the current study revolved due to lack of practical and theoretical research on employee engagement. In the current business environment, the organizations are focussing towards employee engagement as a promising strategy to increase organizational efficiency. Due to its increasing importance, there is need of empirical research on employee engagement particularly hotel industry of India.

Review of Literature

Swarnalatha and Sureshkrishna, (2013) have explained that employee engagement is the extent to which employees think, feel and act in ways that represent high levels of involvement to their organization. An engaged employee is motivated to contribute his/her knowledge, skills and abilities to help his/her organization succeed. Engaged employees cares about organization and want to contribute his/her work in the success of the organization. They further describe that the employee engagement and job satisfaction play an important role in the development of the morale of employees. It is the responsibility of the human resource managers to build satisfaction among the employees and make them engaged in their work.

Oliver and Rothmann, (2007) have observed that engagement of the employees is a position in which the employee dedicates his or her best possible performance at work and is confident of his or her effectiveness. There is an effect of psychological condition on the work engagement, availability and safety on work engagement. While Vazirani (2007) has discussed that employee engagement is concern with the involvement and motivation of the employees towards the organization. A well motivated employee will perform his/her duty in a good manner and completes his job timely. He further describes that employee engagement is the positive attitude and loyalty held by the employees for the benefits of the organization. Organization should also care the employees so that the employees should engage in their job for long period of time.

In their study Hamid and Sadiqe, (2013) have explained that employee engagement is very essential for maximum utilization of its man power resources. The organization which fails in engaging their employee cannot run for longer period of time. Sadiqe (2014) in a study on employee engagement in hospitality industry has explained that engaged employees cares about products and services of the organization and provides better hospitality to the guests.

Robinson (2006) throws light on how to engage the employees. Employee engagement can take place through the development of good organizational environment where positive emotions such as involvement of the employee and their morale are encouraged, that results improved organizational performance, lower employee turnover and better health. Gopalakrishnan (2009) has discussed about how to improve employee engagement within the organization. There has been disquieting development in recent times all over the world. Good employee policies exist only in the manuals. However, management has the capability to engage with the workforce and also to implement the policies humanely in under pressure.

Mortimer (2010) has explained that there are various factors that encourage employee engagement and motivate the employees towards their job like leadership quality, employers support, rewards and job security. The employer of the organization wants the employees who will do their work through loyalty. A positive and effective working environment increases the satisfaction of the employees and makes them engage towards the organizational work. Thomas (2009) elucidated that the intrinsic rewards are relatively healthy and sustainable source of motivation for the employees of the organization. The workers with high level of reward experience more positive feeling and fewer negative ones on the job. He further explained that this type of motivation plays an effective contribution in the employee engagement. Saks (2006) has thrown light that employee engagement with the organization is directly related with the resources they receive from their organization. Compensation and other meaningful employment decisions are the key factors of engagement of the employees. According to Perrin (2003) employee engagement is a never ending process that enriches work experience. The pay and benefits which are provided to the employees is not about to make them happy but for attracting and retaining the talented employees. In their study Rasheed, Khan, and Ramzan (2013) have highlighted that employee engagement is now considered as an important driver of organizational performance. Therefore the organization should provide more monetary and non-monetary incentives to the employees in order to enhance the employee engagement. Anwar (2014) has argued that since the hospitality industry relies on employees to deliver quality service in order to obtain higher revenues, then attracting and retaining the best talent through better compensation practices would benefit employers and compensation will motivate and engage to the employees towards the job.

Karsnia (2009) has reported that employee engagement is a critical business driver that has the capacity to impact on organization overall success. Effective employee engagement results employee retention, productivity and loyalty towards the organization. In the view of Wilson (2009) the term employee engagement is more than simple job satisfaction and high retention rate. An engaged employee is that who is full energetic, emotionally connected with the organization in achieving the goal. To have engaged workforce in the human services field is very important because engaged workers help organization by providing many benefits such as increased efficiency, higher levels of customer satisfaction, higher productivity and lower turnover rates.

Southard (2009) has discussed that each and every organization requires engaged employees who are energetic and enthusiastic and willing to work more than the expectations of the employer. He further describes that when the employee is engaged and motivated, can works more frequently that results in increased production and development of the organization. An engaged employee increases profitability with more satisfied customers that continuously improves the organizational performance.

Research Gap

From the literature survey, it is observed that majority of researches have been conducted on importance and influence of employee engagement on organizations. Some of the researches have empirically tested employee engagement in hotel industry. But in context of Indian hotel industry, there seems to dearth of literature about employee engagement. Therefore there is need to study the term employee engagement in context of hotel industry of India. Thus this study has made an attempt to empirically test the impact of reward and recognition on employee engagement at Taj Group of Hotels, New Delhi.

Objectives of Study

The study empirically investigates the impact of reward and recognition on employee engagement at Taj Group of Hotels, New Delhi. The primary objectives of the study are:

1. To study employee engagement at Taj Group of Hotels generally.
2. To assess the impact of reward and recognition on employee engagement at Taj Group of Hotels, New Delhi.
3. To suggest ways to improve employee engagement particularly at Taj Group of Hotels, New Delhi and generally for hotel industry in India.

Conceptual Model of the Study

Hypotheses of the Study

In order to achieve the objectives of the study, following hypotheses is formulated.

$H_0$1: There is no significant impact of reward and recognition on employee engagement at Taj Group of Hotels, New Delhi.

H_a1: There is a significant impact of reward and recognition on employee engagement at Taj Group of Hotels, New Delhi.

Research Methodology

The present study is mainly survey in nature and data has been collected through self developed questionnaire and interview method. Questionnaire was based on Likert five point scale. Data has been collected from all the major departments of hotels of Taj Group. Convenient sampling technique was used in collecting data. Total 268 questionnaires were distributed among the employees of Taj Group of Hotels, out of that 235 questionnaires were returned. Some of the questionnaires were incomplete and finally 219 questionnaires were taken into final study. Secondary data covers the conceptual part of the study and main source of secondary data are annual reports of Taj Group of Hotels, official websites of Taj Group of Hotel, research papers, articles, magazines, newsletters etc.

Reliability of the Data

Reliability refers to the ability of the data to produce same result consistently (Tavakol & Dennick, 2011). According to Hair, Black, Tatham, and Anderson (2006) reliability is the repeatability of results, if the studies are done second time it produces the same results. Reliability of the data was calculated by using Cronbach alpha. It is measurement of internal consistency among the items. The value of Cronbach alpha is shown in the table 1;

Table 1: Overall Reliability of the Items

Cronbach's Alpha	No. of Items
.916	12

Table 2: Assessment of Reliability: Variable Wise

Variables	Code	Cronbach's Alpha(á)
Reward and Recognition	RR	.888
Employee Engagement	EE	.868

The above table 1 shows the overall reliability of the items. The overall score of Cronbach alpha is .916 which is more than the acceptable range i.e. 0.7 (Nunnally, 1978; George & Mallery, 2003). Table 2 shows the reliability of individual variables. Each variable has Cronbach alpha value more than 0.7 viz .888 and .868. Hence it is clear indication that data is reliable for further analysis.

Factor Analysis

Factor analysis is an important tool that is used to reduce a large set of measured variables in terms of relatively few categories or factors with a minimum loss of information. In this study, Kaiser-Meyer-Olkin Measure of Sampling Adequacy of the data, Bartlett's Test of Sphericity and Principal component analysis were tested by the researchers. Table 3 shows the results of Kaiser-Meyer-Olkin Measure of Sampling Adequacy of the data and Bartlett's Test of Sphericity.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.876
Bartlett's Test of Sphericity	Approx. Chi-Square	2019.452
	Df	66
	Sig.	.000

Kaiser (1974) has identified that value greater than 0.5 are acceptable (values below this should lead to either collection of more data or rethink which variables to include). Furthermore, values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great and values above 0.9 are superb.

For the present study, Kaiser-Meyer-Olkin Measure of Sampling Adequacy is 0.876, which falls into the great range as identified by (Kaiser, 1974; Hutcheson & Sofroniou, 1999). It means factor analysis is appropriate for the present study.

Bartlett's Test of Sphericity explains whether there is any difference between correlation matrix and identity matrix. For the suitability of data there should be difference between these two. In the present study sig. value is less than .05 which indicates that there is difference between correlation matrix and identity matrix. Hence the data is appropriate for further study.

Table 4: Result of Principal Component Analysis

No.	Statements	Initial	Extraction
1	Higher salary and pay raise on good performance	1.000	.812
2	Satisfied with the bonus/tip/reward in the organization	1.000	.710
3	Satisfaction with the regular and systematic financial policies regarding the increment and other monetary benefits	1.000	.672
4	Satisfied with promotional opportunities in the organizations	1.000	.667
5	Satisfaction with recognition on good performance	1.000	.662
6	Satisfied with the recognition from the contribution in the organization	1.000	.635
7	Feel energetic at work	1.000	.834
8	Job is inspiring	1.000	.854
9	Sense of fulfilment after completing the work	1.000	.769
10	Willing to accept all sorts of challenges at work	1.000	.708
11	Strong sense of belonging with the organization	1.000	.872
12	Concerned about the image of the organization	1.000	.854

The table 4 clearly highlights the extraction of each statements and extraction of all the attributes are more than 0.50, which falls in the acceptable range (Field, 2005). Hence the data is suitable for further analysis.

Hypothesis Testing

$H_0$1: There is no significant impact of reward and recognition on employee engagement at Taj Group of Hotels, New Delhi.

To test whether the impact of reward and recognition on employee engagement at Taj Group of Hotels, New Delhi, Simple Linear Regression analysis has been used. In this hypothesis, reward and recognition have been taken as independent variable and employee engagement as a dependent variable.

Table 5: Descriptive Statistics of Reward and Recognition v/s Employee Engagement

	Mean	Std. Deviation	N
Employee Engagement	3.858	.59037	219
Reward and Recognition	3.867	.73945	219

Table 5 shows that mean value of employee engagement is 3.858 and standard deviation is .59037 where as the mean value of reward and recognition is 3.867 and standard deviation is .73945.

Table 6: Model Summary of Regression Analysis between Reward and Recognition and Employee Engagement

Model	R	R Square	Adjusted RSquare	Std. Error of the Estimate
1	.682[a]	.465	.462	.43292

a. Predictors: (Constant), Reward & Recognition

The above table 6 highlights the model summary of Regression analysis between reward and recognition and employee engagement. It shows the value of correlation coefficient that is R and coefficient of determination that is R^2. The value of R represents the simple Pearson's correlation. The value of coefficient of determination (R^2) indicates that how much of the variation in the dependent variable (employee engagement) can be explained by the independent variable (reward and recognition).

The table 6 shows that the value of R is .682 which indicates that there is moderate degree relationship between reward and recognition and employee engagement. While the value of R^2 is .465 which means 46.5% variation in employee engagement is explained by reward and recognition. Thus it can be said that 53.5% variation in dependent variable (employee engagement) cannot be explained by independent variable (reward and recognition). Therefore it is clear that there are some other factors which have an influence on the engagement level of employees at Taj Group of Hotels, New Delhi.

Table 7: Simple Linear Regression: Coefficients[a]

Model		Unstandardized Coefficient		Standardized Coefficient	t	Sign.
		β	Std. Error	Beta		
1	(Constant)	1.753	.156		11.231	.000
	Reward and Recognition	.544	.040	.682	13.726	.000

a. Dependent Variable: Employee Engagement

The coefficient table 7 provides details of models parameters (Beta values) and significance of these values. The unstandardized Beta coefficient gives measures of the contribution of each variable to the model.

It is clear from table 7 that the value of unstandardized Beta is .544 which represents the gradient of regression line. Therefore if the value of predictor variable (reward and recognition) is increased by one unit, there is .544 unit increased in the dependent variable (employee engagement). The value of unstandardized Beta also indicates that there is moderate and positive impact of reward and recognition on employee engagement. This impact is statistically significant because sig. value (p) is .000 which is less than .05 (95% confidence interval). Therefore, null hypothesis is rejected and alternative hypothesis is accepted. It may conclude that there was a significant impact of reward and recognition on employee engagement at Taj Group of Hotels, New Delhi.

Regression Equation of this Model is

Y (Dependent Variable) = α (intercept) + β (Independent Variable) +e

If the values from table 7 are put in the equation it will be

Employee Engagement = 1.753 + .544 (Reward and Recognition)

The regression equation shows the linear relationship between employee engagement and reward and recognition. The intercept value explains the change in dependent variable (employee engagement) when independent variable (reward and recognition) is zero. The value of â shows the change in dependent variable (employee engagement) in respect to independent variable (reward and recognition).

Results and Discussions

From the demographic profile of the respondents, it was found that out of 219 respondents, there were 136 male and 83 female. Male employees were dominant in every department of the hotel except front office. It was reported that 23 respondents belonged to age group under 20 years, 62 respondents were between 20-30 years, respondents of age group 31-40 years and above 40 years were 76 and 58 respectively. The respondents having professional qualification were 67, respondents having post graduation were 79. Respondents having qualification of graduation were 45, while the respondents having qualification lower than graduation were 28 only. The respondents having work experience less than 3 years were 21, 60 respondents were having work experience 3-6 years. Respondents of 7-10 years works experience were 73, whereas most experience respondents that is above 10 years work experience were 65.

By testing the impact of reward and recognition on employee engagement it was found that there was moderate degree relationship between reward and recognition and employee engagement. It was also reported from coefficient table that reward and recognition has significant and positive impact on employee engagement in the hotels of Taj Group, New Delhi.

The finding of the current study is consistent in line with previous research finding of Muthuveloo, Babous, Ping, and Long (2013) they found that reward and recognition had significant and positive impact on engagement level of employees. Kahn (1990) had also reported that employees vary in their level of engagement in respect of benefits which they receive from their job.

Conclusion

The aforementioned discussion may be concluded that effective HR policies make difference on many counts, it enhances internal capabilities of an organization to deal with current and future challenges face by an organization. In the present business scenario, where there is large scale competition in the market, it is important for the organization to implement effective HR policies for the survival and smooth functioning of the organization. Therefore it is the responsibility of HR managers to motivate and engage the employees towards the organization in order to gain competitive advantage in terms of improvement in organizational performance. The present study provides essential inputs to the employers of the hotels and well as the managers also to understand the importance of reward and recognition in engaging the employees. The present study was conducted at Taj Group of Hotels, New Delhi in order to know relationship between reward and recognition and employee engagement along with the impact of reward and recognition on employee engagement. The result of the study indicates that there was moderate degree relationship between reward and recognition and employee engagement. Reward and recognition has positive and significant impact on employee engagement at Taj Group of Hotels, New Delhi. From the findings of the study it is clear that organizations can increase the engagement level of their employees by providing reward and recognition and by engaging employees towards the job, organizational performance can be improved.

Suggestions

From the analysis of data and findings of the study, there are some suggestions given by the researchers to improve employee engagement particularly Taj Group of Hotel, New Delhi and generally for hotel industry in India.

- There should be proper reward and recognition system in the organization.
- Proper recruitment and selection procedure should be followed by the hotels, this helps in selecting right and suitable applicants.
- Training and development programmes should be organized for newly recruited employees in order to increase knowledge and skills of the employees.
- There should be transparency in the working of the organization and supervisor should involve the subordinates in decision making process.
- The hotel should follow feedback system from customer side for further improvement in the quality of services.
- Employee engagement and satisfaction survey should be conducted periodically.
- Manager should visit in each department of the hotel weekly, to know what is going on in the organization as well as the problems faced by the employees.
- Organize cultural programmes for the entertainment of employees that reduces the stress of employees and creates healthy working environment within the organization.

Contribution of the Study

The study is expected to help the hotel industry owners to know the importance of employee engagement in smooth functioning of the organization. The findings of the study will help the employers as well as managers to understand the importance of reward and recognition in engaging the employees. Through empirical evidences, the findings of the present study will help the employers to know the impact of reward and recognition on employee engagement particularly Taj Group of Hotels New Delhi and hotel industry as a whole. Finally the findings of present study will also help the policy makers and human resource practitioners in framing the effective HR policies in their organizations for improving employee engagement.

Limitations and Directions for Future Research

Every study has some limitations, lack of literature on the subject matter of employee engagement in context of hotel industry of India is the limitation of the study. Findings of the study entirely depend on the accuracy of data collected through structured questionnaire. Small sample size may be a limitation of the present study, future researchers may increase the sample size in order to get more accurate results. Findings of the study are limited to Taj Group of Hotels, New Delhi and also to the current employees of hotels under study, therefore future researcher may conduct same study in different hotels of New Delhi as well as India too.

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